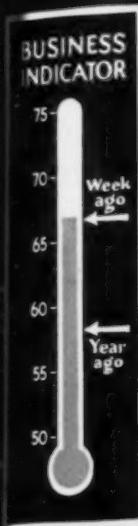


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1935

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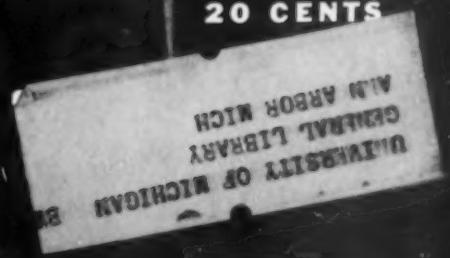
SEP - 4 1935

BUSINESS WEEK



McGRAW-HILL
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COMPANY, INC.

20 CENTS



WAITING FOR THE LEAGUE—Stanley Baldwin, Prime Minister of Great Britain, takes his stand at No. 10 Downing Street—somewhere between Italy and Ethiopia.

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BUS. WEEK



There's many a step between the men who build your product and the men who buy it. Too many to entrust its complete sales story to all the uncertainties of word-of-mouth transmission.

That's the job for advertising!

Put the advantages of your product in printed messages and send them—in the right business papers—straight to all the key men in your markets. Then you can be certain not only of a hearing, but of a fair and effective hearing.

With McGraw-Hill's thorough and effective coverage of all the buying factors in the various industrial markets, it can be an economical hearing, too. Ask to have a McGraw-Hill representative show you how economically the job can be done.

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Maintenance
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Metal and Mineral Markets**

Power
Product Engineering
Radio Retailing
Textile World
Transit Journal

Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Agricultural subsidies move into first place on Administration worry list now that New Deal program has come through Congress so nearly on schedule. Forced compromise on cotton loan—from 9c. to 10c.—in face of Brain Trust's conviction that price had been held too high, promises difficulties galore next year when similar pressure may be applied for corn, hogs, wheat and other commodities backed by votes important to President.

Critics have long held AAA worst economic feature of whole New Deal. Politics now threatens to make impossible even adjustments by Roosevelt, Wallace, Davis, and other boosters of AAA plan. Farm bloc of McNary-Haugen days is again coming into the picture.

That Work Relief Peak
Peak of work relief employment by November is now Roosevelt's announced goal. It won't come until several months later. President is just trying to force speed by his "deadline" on projects. Meanwhile, he will have excellent excuse for rejecting projects not appealing to White House.

Exceptions Will be Rule
Under schedule, force account work must begin not later than Oct. 22, with Sept. 12 final date for submitting applications for work relief allotments, Dec. 15 as limit for awarding contracts. But this need disturb no one interested in projects which Roosevelt, Ickes, and Hopkins really want. Exception tail will wag compliance dog before Feb. 1.

PWA in No Danger
Talk about deadlines crippling PWA is rather premature. PWA has already allotted \$248 millions to housing and \$70 millions for other purposes. Has applications for \$1,000 millions more with new appeals daily.

Buying Plan Important
Possibility that other government departments and agencies may follow army air corps in "performance basis buying" is vital to every line of industry affected by government purchases. High-grade machines, better than government specifications, could compete with chance of success, despite higher price, against inferior machines which barely meet specifications.

California, Here I Come
Jim Farley is best political weather-vane since Rhode Island election.

toes anyhow—too many small patches to handle.

Security Still Secure

Despite Roosevelt's attempt to paint Kingfish as depriving widows, orphans, and aged of security benefits, fact is no one suspected actual payments would be made before Congress reconvened anyhow. Intervening months are needed to get organization set up.

Loopholes for Long

Nothing is expected of Huey Long investigation. Congress leaders do not think campaign expense committee's powers are broad enough to let it probe question of whether Louisiana has republican form of government.

Russian Question

Break in diplomatic relations with Soviet cannot cancel current trade agreements, though it might somewhat handicap business firms having extensive dealings with Russian enterprises. Worry over current note is largely academic from business viewpoint.

Shadow-Boxing?

Roosevelt's appointment of staunch public ownership advocate John D. Ross of Seattle to Securities and Exchange Commission is significant anticlimax to fight over holding-company death sentence. Incidentally, he was picked, not on recommendation of Washington's 2 very radical senators but by left-wing Brain Trustees. Since SEC could have ditched "unnecessary" holding companies without death sentences, it all seems to prove Roosevelt fought mighty hard for a needless victory.

Neutrality and Loans

New neutrality legislation will be pushed through in January or shortly thereafter. President wants more discretion and expects to get it. Meanwhile, he says, law just enacted fits emergency nicely, with one exception: it should bar financing of wars in this country. Neither Italy nor Ethiopia is financing here at present—certainly not directly—but Administration intends to keep close watch on this.

Chiseling Inquiry

Reports of chiseling on wages now follow reports of hour lengthening, price cutting and other violations of former NRA codes. Percentage of chiseling is still low, but it makes excuse for President's demand for recess investigation by joint congressional committee contemplating renewal of NRA.

SENATORIAL PRIVILEGE

A grain of salt should be taken with those threats by Democratic Leader Robinson and other Administration Senators to revise Senate rules to bar such one-man filibusters as that of Huey Long which beat deficiency appropriation bill. Power to do just that is highly prized prerogative of Senators, is one reason a senator is so much more important than a representative. It will not be lightly surrendered.

With Roosevelt to be reelected by South and West (see post-R. I. statements of Democratic leaders), California becomes as vital as it proved to be in 1916. Hence Farley pow-wows with once-discredited Upton Sinclair leave Epic leader sure New Deal is moving in right direction. Deduction: Roosevelt will not swing right.

Drive on State Banks

Move to force all state banks into Federal Reserve system will be renewed in January. Surrender to Chairman Steagall of House Banking Committee on this point in law just passed was necessary to obtain rest of legislation. Eccles and Glass, who fought on everything else, agree on necessity of forcing all state banks into the system.

Money for Publicity

Packers and other food processors need not chuckle over fact \$150,000 appropriation to investigate middleman's profits died in Huey Long's filibuster. Money will be found to get testimony about their profits on the front page.

Potatoes Unmourned

Loss, through same filibuster, of appropriation for law making potatoes basic commodity, subject to benefits and processing taxes, leaves AAA fearless. It didn't want pota-

For Fractional H.P. Motors A marvel of advanced engineering and compact design! The new C-H Bulletin 9101 is a complete unit of Motor Control, bringing to the fractional horsepower motors of home, office or factory, new simplicity of control and positive protection against overloads.

NEW 9101

**Small enough to fit in your hip pocket
Sturdy enough to serve in a steel mill**

Cutler-Hammer engineers have scored again . . . this time to save time, trouble and expense for both the makers and users of fractional horsepower motorized machines. Check these outstanding features of C-H Bulletin 9101 Motor Control:

- (1) A complete unit of Motor Control, yet only $2\frac{1}{2}$ " x $2\frac{1}{2}$ " x $4\frac{1}{4}$ " overall.
- (2) Extra large shroud-protected push buttons easily operated even by gloved fingers.
- (3) Indicates "ON" and "OFF" under either manual or automatic overload operation.
- (4) Free-tripping overload protection.
- (5) Reset after overload made automatically.
- (6) Double solid silver to solid silver contacts—non-rusting parts and insulation unaffected by moisture.
- (7) C-H eutectic relay with overload protection in 10% increments makes fullest use of motor, stops it only where actually endangered by overload.
- (8) Top, surface or cavity mounting. Ideal for "inbuilt" control on any machine.

Ask for C-H Bul. 9101. Carried in stock by reliable independent electrical wholesalers everywhere. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wis.



Adapter plate (indicated by arrow) provides for variety of easy mounting means as "inbuilt" control in machines. Switch is enclosed in bakelite body even with cover, adapter plate and steel shell removed.

OVERLOAD PROTECTION

C-H Overload Relay in 9101 passes all harmless overloads, does not stop motor unless actually endangered. Also push buttons return to "OFF" when motor is stopped by overload so user is not confused. To restart after overload, only "START" need be pressed—no relay reset is needed. Further, relay action is free-tripping so user cannot force motor to run under harmful overload by holding "START" depressed. These features save time, trouble, tempers and service calls.



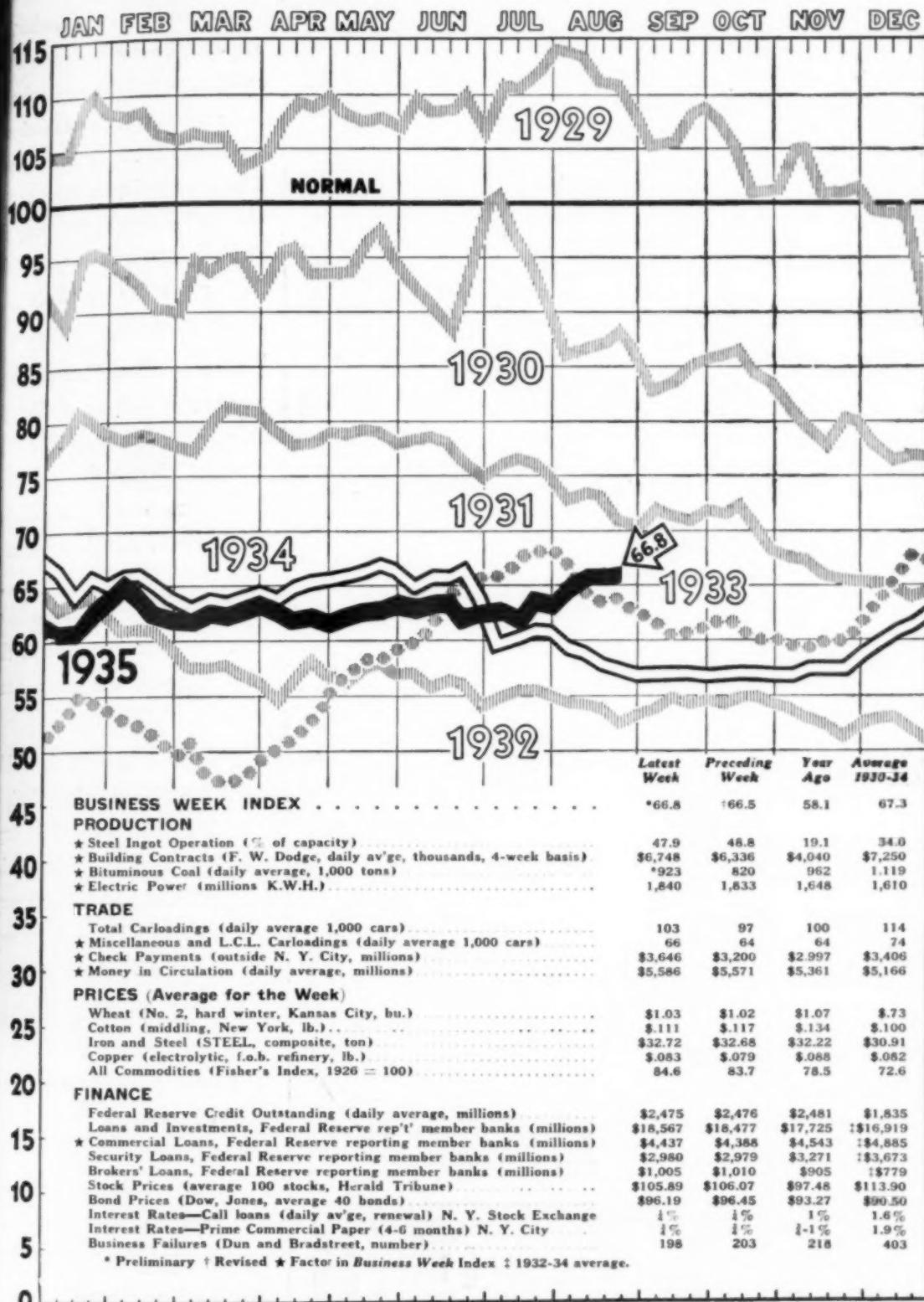
A complete unit of Motor Control . . . starts and stops motors and protects them against overloads, yet it measures only $2\frac{1}{2}$ " x $2\frac{1}{2}$ " x $4\frac{1}{4}$ " inches overall. Ruggedly built, extremely accurate, simple to install, easy to use, and decidedly good looking.

TO MACHINE BUILDERS

Ingeniously arranged for top, surface or cavity mounting. Ideal for "inbuilt" control on any machine. Internal terminal board simplifies wiring. Write for sample or company letterhead.

CUTLER-HAMMER  **MOTOR CONTROL**

WEEKLY INDEX OF BUSINESS ACTIVITY



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THE NEW TOLEDO SCALE IS REVOLUTIONARY . . . FACTS FOR EXECUTIVES

The new Toledo Scale weighs $55\frac{1}{2}$ lbs., it replaces one weighing 165 lbs. . . . The housing is of Plaskon—molded color; it replaces a 5 times heavier cast iron porcelain enamelled body. . . . This weight saving is vastly more important than mere reduction of bulk. Scales have to be sold—and the only way to sell them is to put them down before the merchant, where he can inspect them personally. Now, the low weight of the scale allows the demonstrator to carry

it to his prospect, where it sells itself.

The use of Plaskon—molded color—housing means a great saving in manufacturing costs



PLASKON

MOLDED COLOR

. . . . markedly lower labor costs . . . the elimination of large number of production steps. The Plaskon scale is the most sanitary, the most colorful scale ever built; it was designed by Van Doren and Rideout. The Plastics Department of The General Electric Company installed America's largest molding press to produce this Plaskon housing.

The combined research and production efforts of The Toledo Scale Company . . . The General Electric Company . . . The Aluminum Company of America . . . The Bausch & Lomb Optical Company . . . and Toledo Synthetic Products, Inc., are incorporated in this revolutionary use of new materials.

Plaskon is a urea formaldehyde plastic material. This is a striking example of its engineering values. Its colorful beauty leads to its being synonymous with color—Plaskon—molded color.

These facts can be translated into a wide range of products. The savings that accrue are the kind of savings every executive wants to see—lower costs, and a better product. The full elaboration of this story of the new Plaskon Scale will be sent free to you, at your request. Write for the September "Plaskon Parade."

The Business Outlook

FOR the first time in 3 years, business enters the fall season with something akin to the sense of freedom that held sway in "the good old days"—utility and soft coal industries excepted. Steel makers' failure to post fourth-quarter prices, as formerly required under the code, is symptomatic. Again, cotton markets have been freed of some of last year's artificiality by the new 10c. loan provision replacing the 12c. guarantee of 1934. In some industries, the "newlease-on-life" attitude is partly explained by the failure of such regulatory measures as the Walsh, food and drug, and oil control bills to make the legislative grade.

Legislative Respite Encouraging

After completing a raft of new legislation—some of it deprived of financial support as a result of the defeat administered the deficiency appropriation bill by Louisiana's filibustering Kingfish—Congress finally got away for a 4 months' respite. Remarkable strength evidenced by business activity during last months of the session augurs well for the fall when that legislative mill will not be in production. Moreover, the normally expanding seasonal factors in retail trade, in textile and shoe production, and in coal consumption will be augmented this year by the motor industry's experiment in introducing 1936 models in November, with attendant expansion in steel, heavy machinery, and machine tools. Working hours have been generally increased as business volume has expanded, in some instances beyond the fairly low levels fixed by codes.

Business—Not as Usual

Business Week's index of general business activity continues to climb into new high territory for 1935, increasing its margin over the past 3 years. Steel and motor production slackened pace as Labor Day approached, but such temporary recessions were expected and do not mar the present outlook. Construction volume in early August again jumped to high levels for 1935 with daily average awards running close to \$7 millions. Carloadings crossed the 1934 level for the first time since early June as agricultural products began to move in greater volume. Currency circulation, a measure of retail trade, is making its usual late summer gains. Electric power production, feature performer of recent months, is still reaching for bigger and better records, has now surpassed every week on record except 2 in December, 1929. Before the year is up, even these will be left behind.

SUMMER SURPRISE

Confounding the forecasters, productive activity, employment, and payrolls in American factories fared better than expected during summer months. Some 38 out of 90 industries actually increased employment in July; 32 boosted payrolls. Agricultural implement makers employed 71% more people this July than last; machine tool makers 29% more. Retail trade and coal mining accounted for principal cuts.

Construction Rise Holds

Construction activity, judged by the first 3 weeks of August, is doing better than anticipated, promises to nose out July to establish a new peak for this year. Residential construction is slackening after a first half of steadily expanding volume, but its daily average still exceeds last year by 125%. As industrial building gets under way, non-residential construction looms up as a contender for honors in the field; so far, August is running 14% ahead of the July daily rate, 33% ahead of last year.

Related Industries Benefit

Employment in industries catering to the building industry increased markedly in July, in sharp contrast to seasonal declines which appeared in other manufacturing plants. Sawmills and plumbing supplies plants took on 9.9% more employees; lumber mill-work plants added 6.5%; brick and structural ironwork, nearly 3% each. Retail hardware dealers report big gains over July, 1934, in agricultural states such as Iowa with 60%, South Dakota with 52%, Kentucky with 51%. Both new orders and shipments of vitreous-china plumbing fixtures for the first 7 months of 1935 were more than double those for the same period of 1934. Cement shipments have increased steadily since January, but not in sufficient quantities to make a dent in stocks which were still being piled up in July.

Open Prices Abandoned

The open-price system of the steel industry's codified days fell into the discard when the usual day for filing fourth-quarter prices passed without a single posting. Companies are expected to revert to former practice of notifying customers of price changes prior to the period in which they take effect. General tendency in present price practice seems to result in lowering prices for big consumers, increasing them for small ones. The industry relies on sustained volume of business plus possible higher coal costs resulting from operation of the Guffey bill to prevent any break in base prices.

Motors Pass 1934 Total

Automobile production in August has averaged better than 50,000 cars a week. July's production of 350,118 cars and trucks in the United States and Canada was 27% ahead of last year, brought the 7 months' total to 2.7 millions against 2.1 millions in 1934. By now, the entire 1934 output has been surpassed. If the last 5 months of 1935 average 155,000 cars a month, the 1935 total will top 3.5 million units.

King Cotton Stalemated

Cotton spinning activity has been steadily on the decline this year. January started out with operations at 102.6% of capacity; by July this had declined to 73.5%. Buying of cotton cloth continues on a hand-to-mouth basis, and the drop in raw cotton prices after the loan announcement encouraged a waiting attitude. Despite this situation, Amoskeag has again taken the bit in its teeth, posted 5% higher prices for the second time this month on the plea that current prices are too low to yield mills a chance to break even. Buyers are inclined to maintain their current low purchase volume until there is definite assurance that the increases will be taken up by other mills. With mill stocks not excessive, buyers may find they have overstayed the market.

July Output Impressive

Manufacturing stability this summer has completely upset early predictions of greater than normal declines. July's output fell less than usual from the June level, lifting the adjusted index of the Federal Reserve Board from 84% to 86% of the 1923-1925 average. Manufacturing output at this level is 17% greater than a year ago. July tobacco production exceeded that of 1929, while petroleum refining came close to that level. Activity in wool plants offset contraction in cotton factories, thus held the textile industry fairly steady.

Take a Good Long Look Around



NO matter how much market data your own organization provides, a good long look through other eyes, at the country's different markets—right into the faces of prospective customers in all sections—gives your national advertising plans important advantages.

9 McCann-Erickson offices in this country are fully-equipped advertising agencies in 9 major cities. In these cities are 20% of the country's people—and within an overnight ride are 94% of all retail outlets.

With these offices in constant inter-locking operation, national advertising plans can be laid in any office with full on-the-spot knowledge of local market conditions throughout the country.

More sales per advertising dollar are a common result.

MCCANN-ERICKSON **ADVERTISING**

EACH OFFICE AN AGENCY IN ITSELF, EQUIPPED TO GIVE FULL SERVICE TO CLIENTS: New York, Chicago, Cleveland, Detroit, Denver, San Francisco, Seattle, Portland, Ore., Los Angeles, Vancouver, Toronto, Montreal, Winnipeg, London, Paris, Frankfort, O.M.

BUSINESS WEEK

AUGUST 31, 1935

Where We Go From Here

As spotlight shifts from Capitol to White House, business should look for: a port helm, a buildup for Constitutional changes, and several Washington "rabbits," including one trained to bite the utilities.

WASHINGTON (Special Correspondent)—Now begins the period of the big buildup for the New Deal—looking forward to the Roosevelt campaign for reelection next year.

During the next 5 months, before Congress returns in January, the nation is not to be allowed to forget the Roosevelt policies, nor is business likely to forget that there are more rungs in the New Deal ladder. Industry in general—the electric industry in particular—will find itself almost as intensely interested in what Mr. Roosevelt is doing as though Congress were still on the job grinding out laws at his demand.

Still Bearing Left

It becomes increasingly clear that despite his apparent twistings and turnings from left to right, the President has kept steadily on the course bearing sharp left on which he embarked as a candidate in 1932. The occasional turnings to the right are no more important than the tacking of a yacht running into the wind, and are for the most part made for the same reason—to take advantage even of opposing forces.

No doubt seems to exist that Roosevelt will continue to dig the foundation for the inevitable New Deal fight to amend the Constitution. The Supreme Court will be meeting again in October. AAA has already decided to rush a test case on the new processing taxes with all possible speed. Its officials hope to be in court for a decision before Christmas. And there will be a Guffey coal law case, perhaps an early case under the social security law, though this seems difficult.

What, in a general way, the President wants in changing the Constitution is a great deal more power for the federal government, particularly in the control of wages and hours in business now held—by the NRA decision—to be intrastate commerce but generally admitted to be "in the stream of interstate commerce." It is not a question of what some commentator "thinks" Mr. Roosevelt is thinking, despite the accusations of Democratic National Committee Publicist Charles Michelson. It is what Mr. Roosevelt has said again and again—not only in private conversations as later

repeated, but in press conferences. (For example, when the President told a visitor, as recounted by *Business Week* a few days later, that he had better go home to Wisconsin and make his peace with the La Follettes, who were "our kind of people.")

Mr. Roosevelt's speeches will offer a hint here and plant a seed there, working toward this sweeping change in the powers of the federal government. But the zero hour for the amendment fight will not come until after quite a few more rulings from the Supreme Court—rulings calculated to fan various social and geographical groups to a white heat for the new powers.

More Dirt Needed

Meanwhile, many here believe that the President will try another NRA rabbit by a shrewd combination of the functions of the Federal Trade Commission, the Labor Relations Board, and the extended NRA—such as it is. Part of the campaign leading up to this has not worked well for the White House strategy. Up until now, the surveys conducted to discover the amount of wage-cutting, labor-lengthening, and other violations of the old NRA codes designed to protect labor have not indicated much, outside of some increases in retail trade hours. But the President is very resourceful, and he never gives up—when he really cares about the issue.

The electrical industry is due for some particularly hard blows in this interim—blows leveled, according to



Left and Underwood
PEN MEN—At the signing of the utilities bill (left), jubilation prevailed when Thomas Corcoran, smart young RFC attorney, collected one of the Presidential pens, traditionally awarded sponsors of legislation. At the signing of the banking bill, Senator Carter Glass, star rewrite man, also received a pen. The occasion was significantly marked with quiet dignity.

excellent New Deal sources, at cutting rates something like half a billion dollars a year. It will be "demonstrated," according to *Business Week's* informants, that the industry is "wasting" that much money now in alleged cost of distribution.

One phase of the attack will include the bankers who are supposed to have been "skimming the cream off" every time there was a security issue, for much of the cost of distribution, naturally, is interest on the investment which produced the distribution system. It will be "demonstrated"—the old TVA yardstick again—that interest charges are about twice what they ought to be.

Utilities formerly borrowed their money for improvements at from about

7% to about 10%, if the net amount of money received by the utilities from sales of securities is figured. This will be contrasted with interest charges on money which the government can obtain at, say, from 3% to 4%. No allowance for the cost of selling bonds or stock issues, of course, nor for the possibility that, at the time the money was borrowed, no other possible course may have been open.

But it's going to be a spectacular attack, with Roosevelt figuring that more people are interested in getting lower rates than are worried about dividends.

There will be other rabbits before Capitol Hill resounds with oratorical echoes in January, but these are enough to give the general drift.

Last-Minute Legislation

II. Among the bills that just made the Congressional deadline, business studies particularly those affecting the utilities, coal, alcohol, and the cost of neutrality.

SEVERAL bills of great importance that seemed helplessly caught in the legislative jam were pulled out and forced out almost at the last minute of the congressional session, chiefly by Presidential pressure. Others could not get out of the crush and were held over till next session.

Here are leading measures that did not pass: Walsh bill, subjecting government contracts to the equivalent of NRA code standards; 30-hour-week bill; food and drugs; commodity exchange control; merchant marine subsidy (instead, the ocean mail contracts were continued); and all oil bills except one consenting to a compact by the oil states.

And here are some headliners that did pass, beginning where *Business Week* left off last week, when it summarized 4 last-minute measures (tax, banking, AAA, and TVA):

1. Utilities

BIGGEST legislation in the President's estimation—biggest victory for him in everyone's estimation—came when the holding company death sentence, 3 times rejected by the House, was rushed through on the Barkley compromise that rewrote but only slightly altered the original verdict of the Senate bill.

By an Administration coup, the utility industry and Dr. Magill's American Federation of Utility Investors met an eleventh-hour defeat.

Holding companies beyond the second degree are outlawed after Jan. 1, 1938. Interstate operations of power companies go under federal regulation

immediately. Their "registration" starts Oct. 1 and those not on record Dec. 1 will be barred from use of the mails—unless injunctions hold up the law.

Rates, accounting, property acquisitions will be supervised and regulated by the Federal Power Commission.

Upon Joseph P. Kennedy, tired head of SEC, will fall responsibility for policing the elimination of holding units, and supervising security issuance. Unhappy thought for the power interests: Upon Kennedy's resignation, J. D. Ross, advocate of public ownership, newly appointed to SEC, will be their boss.

Some 3-Layer Ones Left

Closely knit groups operating in one state, in adjoining states, or stretching into Canada or Mexico may continue a 3-layer holding structure if SEC finds the operating companies operate more efficiently under that setup and if the system doesn't get too big for local management and effective regulation. Diversified groups with scattered units will be out.

For the utility interests, defeat was made one degree more bitter by realization that Hopson's ring-around-the-rosy and its disclosure of his \$3-million profits from "services" to Associated Gas & Electric operating companies helped to put through the section that prohibited central engineering or management organizations except on a non-profit basis.

Edison Electric Institute is scheduled to decide next week whether power interests will make a united fight against the law in the courts. Consensus among utility people is no. Individual company contest seems more likely.



NRA'S NO. 5 — Succeeding James L. O'Neill — who in turn succeeded S. Clay Williams, who succeeded Donald Richberg, who succeeded Hugh Johnson — Laurence J. Martin, former chief of the compliance division, is appointed head man in the NRA.

2. Coal

WHETHER or not it's constitutional, the coal control bill is on the books, railroaded through over the scruples of members of both houses by an Administration haunted by threat of a strike by 450,000 bituminous coal miners.

In enactment, the bill lost the appropriation of \$300 million for government purchases of submarginal mines. Also omitted was immunity against antitrust laws for complying operators, a deletion crippling the price-fixing mechanism, according to opponents.

Big John L. Lewis of United Mine Workers tasted one defeat when Senator Logan's amendment made representatives from company unions or from the progressive Illinois group as eligible as members of Lewis' own crowd for membership on the regional control boards.

Set up under the act will be a 5-man national commission in the Interior Department to enforce a code of trade practices and labor standards. Twenty-three regional boards—elected by producers, marketers, and labor—will fix prices in their areas, cooperating on interregional shipments.

Labor hours and wages are to be established regionally on the basis of contracts between producers of two-thirds the annual tonnage and representatives of more than half the mine workers.

Consumers are provided a counsel to represent them at all sessions of the

commission. A labor board will handle disputes.

The club to gain compliance by operators is a 15% tax on sales, of which 90% is to be rebated to complying members of the regional groups.

3. Alcohol

LIQUOR goes back into federal control via a measure which killed bulk sales but put administration under the Treasury Department.

Mr. Roosevelt demanded that sales be restricted to bottled goods and he wanted an independent control agency, answerable to no cabinet member. However, he got much the better of the trade. The prohibition on bulk sales sets a major policy for the industry; classification of control is a secondary detail.

The new act creates a single administrator, instead of an independent board. Most important are the rulings which the new official must issue. The

measure is another case of high-speed legislation and flaws are to be corrected by fiat. Brewers are brought under control through a provision which applies interstate policing to force obedience to state laws.

4. Farm Mortgages

STORM signals from the hog-corn belt, more foreclosure rioting near the scene of similar disturbances last year, threats

What Congress Did To and For Business

AGRICULTURE

AAA Amendments Act attempts to bring AAA law within scope of Schechter case decision. Provides for: recovery of taxes; import control; ever-normal granary; examination of books. Alters cotton, tobacco, barley, sugar, and rye plans. Limits prices to parity level. Sequesters 30% customs to stimulate exports.

Farm Credit Act of 1935 amends, enlarges, and liberalizes several previous acts for farm credit relief through various types of loans.

Frazier-Lemke Farm Mortgage Act provides 3-year period of court control. Creditors may require auction sale at end of mortgage period.

Soil Erosion Act outlines federal policy for erosion control.

APPROPRIATIONS

A total of \$10,250,000,000 was appropriated, including the \$4,000,000,000 for relief and the \$500,000,000 of RFC funds, made available for relief. For the permanent establishments—\$2,200,000,000.

AVIATION

Air Mail Act of 1935 fixes base pay at 33¢ per air mile. Extensions limited. Primary routes authorized. ICC supervision provided. Salary limitation fixed.

BANKING

Banking Act of 1935 makes fundamental changes in Federal Reserve policy, increases centralized control over money.

COAL

Guffey Act regulates bituminous coal industry. Sets up National Bituminous Coal Commission. Taxes sales and provides drawback. Requires coal code containing labor, hour, and unfair practice provisions. Establishes minimum prices.

HOUSING

Home Mortgage Relief Act liberalizes Federal Home Loan Bank Act, increases borrowing power of HOLC, permits Federal Housing Administration to raise limit on loans for modernization from \$2,000 to \$50,000.

LABOR

Wagner-Connelly Labor Relations Act establishes National Labor Relations Board. Defines rights of employees and unfair labor practices. Requires collective bargaining on majority-rule basis.

LIQUOR

Federal Alcohol Control Act orders distribution of distilled liquors in glass containers. Existing law amended and new requirements provided to insure collection of revenue and enforcement of laws.

These Did Not Pass

BONUS—Provided for immediate payments of face value of adjusted service certificates. Congress sustained veto.

COMMODITY EXCHANGE CONTROL—Aimed at alleged abuses in grain trade. Carried far-reaching amendments to cotton futures act.

FOOD AND DRUGS—Thorough-going revision of law proposed. Extended to advertising and cosmetics.

MERCHANT MARINE—Proposals for operating and construction subsidies.

OIL—All oil bills failed except that giving consent to oil states compact.

TIN EXPORTS—Would have prohibited exports of tin plate scrap except under license.

THIRTY-HOUR WEEK—Would limit work-week to 5 days and work day to 6 hours.

WALSH BILL—Proposed extension of code conditions to all government contracts.

WATERWAYS—Regulation by I.C.C. of inland water carriers and coastwise trade.

MONETARY

Gold Clause Act limits right of government bondholders to sue United States. Authorizes exchange of coins and currencies and immediate payment of gold clause securities.

NEUTRALITY

Neutrality Act prohibits export of arms and munitions to belligerent countries until Feb. 29, 1936. Authorizes President to establish other regulations to preserve neutrality.

NRA

NRA Extension Act extends life of NRA in skeletonized form to Apr. 1, 1936. Provides for Presidential approval of voluntary agreements in industry.

POWER

Public Utilities Act of 1935 provides for control and elimination of public utility holding companies; no company more than twice removed from operating company to survive after 1938. Holding companies within second degree must be economically and geographically integrated.

Tennessee Valley Act denies outright purchase of existing electric distributing systems but permits cooperation with public agencies making such purchase. Only property necessary to project may be retained by corporation.

RFC

RFC Extension Act continues this agency until Jan. 31, 1937.

RELIEF

Work-Relief Act appropriates \$4 billions (partly earmarked) for use under direction of President to make jobs for unemployed in "useful projects."

SHIPPING

Copeland Resolution extends existing ocean mail contracts until Apr. 30, 1936.

SOCIAL SECURITY

Social Security Act provides for federal cooperation with states on unemployment insurance, old-age pensions, care of unfortunate.

TAXES

Revenue Act of 1935 levies \$254,000,000 of additional revenue. Increases surtaxes; introduces graduated corporation tax and carries new capital stock, excess profits, estate, gift, inter-company dividend taxes.

Nuisance Tax Act extends increased postal rates and excise taxes.

"Pink Slip Act"—repeals income tax publicity.

TRANSPORTATION

Motor Carrier Act gives Interstate Commerce Commission broad authority over interstate bus and truck lines.

Railroad Reorganization Act simplifies and improves procedure for financial reorganization of railroads, limiting obstruction by minorities under court action.

Wagner-Crosser Rail Retirement Act establishes system of annuities for railroad employees of 65 years or more, or after 30 years' service. Maximum annuity, \$120 month. (Companion bill levies taxes on employers and employees to pay pensions.)

against federal judges for ordering sales, and mobbing of U. S. marshals for trying to conduct them, all got a response in the closing hours of Congress. Spurred on by the disquieting news, those 2 farm reliefers from North Dakota, Senator Frazier and Representative Lemke, put through their rewrite of the mortgage moratorium law that the Supreme Court killed in May.

They failed to get through their more radical measure for the government to buy up farm mortgages with greenbacks and carry the obligations on 1½% interest rates and 1½% annual amortization payments.

Revisions to cure unconstitutionality of last year's version eliminated the fixed 5-year postponement of foreclosure. Instead, a period of up to 3 years may be permitted by the court and cut short upon petition of a creditor. Also dropped out was the absolute privilege of the bankrupt farmer to redeem his property at the end of 5 years at an appraisal figure irrespective of the amount of the original debt. The new law requires that, at the request of a creditor dissatisfied with the appraised figure, the court must order an auction sale at which he may bid in the property. And, instead of the nominal interest payments during the moratorium, the bankrupt is required to pay a reasonable rental fixed by the court.

5. Railroad Pensions

CONGRESS passed 2 bills for this purpose. But the 2 bills have not the same purpose—ostensibly. They will trip brightly up to the Supreme Court and, innocent-eyed, pretend they have no relation to each other.

For the Supreme Court, on May 6, declared the former railroad pension act unconstitutional, on the ground that the power of Congress over interstate commerce does not enable it to tax railroads in order to pension railroad employees. So the railroad unions devised 2 new bills. One provides for the payment of pensions. The other levies taxes on railroads, express companies, the Pullman Co., firms operating refrigeration cars, and other carriers—and also on their employees. And this bill, unlike the act that the court threw out, is based not on the constitutional power of Congress over interstate commerce but on its power to tax.

The employers are to pay an excise tax of 3½% of payrolls, and the employees an equal percentage, in the form of an income tax. After a year, this arrangement is to be modified, and employers will probably have to pay more than employees—unless the act is meanwhile junked by the courts.

Carriers estimate that the 3½% tax will cost them \$63 millions a year. It

is expected that required payments from the pension funds will produce a huge deficit, unless the government chips in.

One of the 2 acts exempts railroad employees from the old-age (but not the unemployment) insurance provisions of the social security act, which allows smaller pensions. Railroad employees who are 65 years old or have had 30 years of service will receive pensions depending on their length of service.

6. Neutrality

PRESIDENT ROOSEVELT preferred to have Congress give him wide discretionary powers, which he could use as a club over aggressive nations—for example, Italy—to prevent war. Apparently it was his belief that he could do this without exposing the United States to the risk of being drawn into the war.

But the peace sentiment in Congress was too strong for him. Chairman Nye of the Munitions Investigating Committee, backed up by Senators Clark, Bone, Vandenberg, and other members of that committee, suddenly started a filibuster and forced the Senate leaders to accept an emergency neutrality resolution. House leaders kicked but finally accepted it slightly modified.

Its main provision absolutely requires the President, in case of war, to forbid the exportation of "arms, ammunition, or implements of war" to any port of a belligerent nation or to any neutral port for transshipment to a belligerent. But this expires Feb. 29.

Permanent provisions of the resolution establish a licensing system for the manufacture and export of arms and munitions, under the supervision of a board of Cabinet members. They also give the President discretionary authority to exclude belligerent submarines from American ports, and to prohibit American citizens from traveling on ships of belligerents except at their own risks.

The President intends to fight in the January session for more discretionary authority. But neutrality leaders will insist on permanent and mandatory legislation, including a prohibition of the floating of war loans here.

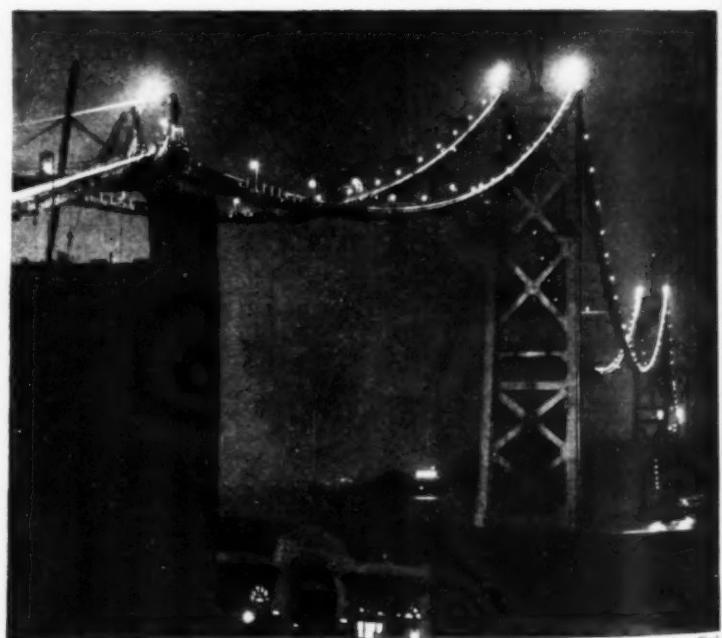
Steel Price Problem

Open-price system lapses as steel industry debates policy.

FOR the first time since August, 1935, when steel's NRA code went into effect, steel manufacturers have not filed prices at the beginning of the quarterly price period and the department of the American Iron and Steel Institute which handled the open-price operation of the industry is deserted.

Many steel manufacturers want to go ahead and continue the practice which they feel equitable to all buyers and advantageous to all makers in that it puts large and small producers on the same basis.

The conservatives are in favor of laying off because they have not had time to decide just how the wind is blowing.



NIGHT SHIFT—As the cable spinning job goes on 24 hours a day, the lighted catwalks of the \$76-million San Francisco-Oakland Bay Bridge trace a dramatic pattern above the 1½-mile West Bay Crossing. Towers rise 500 ft. above the water.



Keystone

SOCIAL SECURITY ADMINISTRATORS—Responsibility for the execution of the sweeping program providing old age pensions and unemployment insurance was vested this week by the President in Arthur J. Altmeyer (left), Second Assistant Secretary of Labor; Chairman John G. Winant (center), former head of the textile strike inquiry board and three times Progressive Republican governor of New Hampshire; and Vincent Morgan Miles (right), Arkansas attorney.

at Washington since the Schechter decision put the NRA on the skids.

Several manufacturers believe the industry must decide now whether it wants to preserve the multiple-basing-point system, which it has employed successfully since 1926 when the Pittsburgh-Plus plan had to be scrapped, or put that, too, into jeopardy by running the gauntlet of the Federal Trade Commission and the Department of Justice with a double-barreled setup, multiple basing points and open prices.

Those in close touch with recent developments at Washington think that

changes in the attitude of important government agencies toward the open-price plan may find early expression in the approval of some sort of price filing system in FTC fair trade practice agreements adopted by industries whose product has achieved a high degree of standardization or is actually produced to conform to commonly known engineering specifications.

Meanwhile, large buyers of steel have found it difficult to make a dent in quotations, since production is holding an encouraging pace, and makers are hopeful of continuing improvement.

law and is now acting as assistant director of the social insurance division of the International Labor Organization at Geneva. Last year made a first-rate showing at the difficult job of reporting on the textile strike; his recommendations were acceptable to all but the extremists on both sides.

Miss Perkins' Right-Hand Man

A. J. Altmeyer. A career man in the social security field. Minor braintrust without the usual connotations. Studio type. A good administrative technician—some say he now runs the Labor Department while his superiors, Miss Perkins and McGrady, settle strikes. Favors organized labor, but without the shoulder chip. Product of Wisconsin, where he spent 12 years as secretary of the Industrial Commission. Went national with NRA as labor compliance officer; later became Second Assistant Secretary of Labor.

Vincent Morgan Miles. A Virginian who has been an Arkansas lawyer since 1907. Machine-gun captain during the war, and long prominent in American Legion affairs in Arkansas. Also, for many years, member of the Democratic National Committee. Said to be deeply interested in social work among Arkansas coal miners. Lately connected with PWA regional office. A friend of Senator Joe Robinson, who has been very helpful to the Administration.

The lineup on the National Labor Relations Board:

Joseph Warren Madden. Law professor, University of Pittsburgh. Born and educated in Illinois; came to Pennsylvania by way of successive professorships at University of Oklahoma, Ohio State, and West Virginia University. In 1925 helped revise and codify West Virginia laws. Has published 2 books on the law of domestic relations. In Pittsburgh, is director of Federation of Social Agencies and Pittsburgh Housing Association, and chairman of Hill District Community Council. Also a member of the Governor's Commission on Special Planning in Industry. Characterized as dispassionate, judicial, well-balanced.

Labor Background

John Michael Carmody. Now with National Mediation Board. A man of ideas—for example, the streamline train loan plan recently announced by RFC. Believed by some to be tactfully outspoken, and to have soured on the present economic system. Formerly editor of *Coal Age* and later of *Factory* and has had an intimate contact with labor conditions in many fields. As a young man he worked both in coal mines and steel mills as a wage earner, then became superintendent of a clothing factory, and finally took up the study and practice of scientific management.

Edward S. Smith. The hold-over

Six Whom Business Watches

Members of Social Security and Labor Relations Boards will play important parts in industry's relations with New Deal. Here's who they are, what they are like.

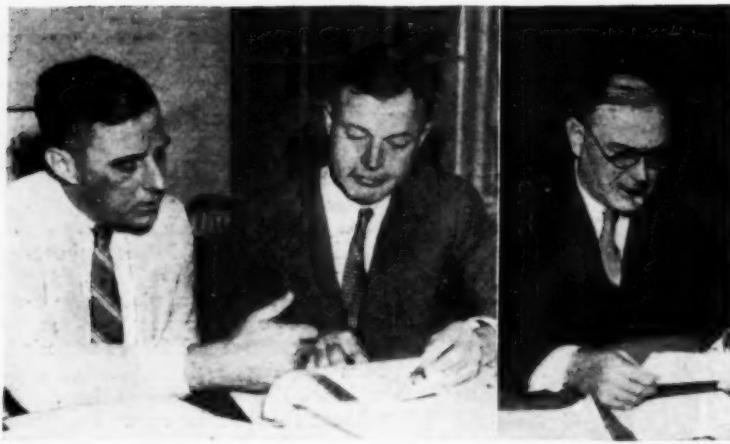
THE President has, at last, named the 6 members of the 2 public bodies which the 74th Congress placed in the forefront of the New Deal—the Social Security Board and the National Labor Relations Board. His selections for these jobs, destined to impinge importantly on business, were received with mixed emotions, equally divided as follows: genuine applause for 2; mild surprise over 2 others; puzzled wonder about the remaining 2.

SSB seems to be well set up; at least 2 of the members know their stuff and will do their darnedest. The third is an unknown quantity, with no technical experience in the field of social security.

As for NLRB, the feeling is that the President had to hunt a long time and drop down below the upper bracket to find anyone who would take a chance, the past history of labor boards being what it is. However, it is generally conceded that he might have done a lot worse.

The lineup on the Social Security Board:

John Gilbert Winant. Rugged New Englander. Three times Republican governor of New Hampshire, and a good one. Neither orthodox nor long-haired. Long interested in social betterment. Pioneered the present New Hampshire unemployment insurance



Wide World
LABOR ARBITERS—Last week, President Roosevelt appointed his National Labor Relations Board. This week, a complaint for violation of the Wagner law was filed with them by the United Automobile Workers against the Bendix Products Corp., and the board prepared for work. Left to right: Edwin S. Smith of the old National Labor Board; Chairman Joseph W. Madden of the Pittsburgh Labor Board; and John M. Carmody of the National Mediation Board.

contact man from the old Labor Board. Has been lately criticized by a Senator (Walsh of Mass.) for intemperate, radical, public utterances not in keeping

with the character of a semi-judicial government officer. Bitterly opposed to company unions. An ex-personnel manager who fights big business.

Unions Make History

Auto international, in first convention, clashes with A. F. of L. leaders. Also files complaint under Wagner labor act. Strike still threatened on Pacific Coast waterfront. 15-week Camden shipping dispute settled.

AUTOMOBILE unions made labor history this week. They held the first convention of their new international. And on the opening day of the convention, the new international showed its aggressiveness by filing complaint under the collective bargaining provisions of the Wagner labor relations act.

Meanwhile, although some Pacific Coast locals of the International Longshoremen's Association accepted the conditions demanded by waterfront employers for a renewal of the contract that will expire Sept. 30, it was still possible that the radical elements would force an important waterfront strike.

But at the other end of the continent, in Camden, N. J., the 15-week strike at the shipyard of Erett Lobban Cord's New York Shipbuilding Corp. was settled on terms laid down by President Roosevelt, and 4,600 men went back to work.

Vincent Bendix, leading manufacturer of automobile parts, apparently will wage the test fight for industry against the collective bargaining provisions of the Wagner act. Hardly had President Roosevelt appointed the new

Labor Relations Board (page 11) before the United Automobile Workers of America filed a complaint that the Bendix Products Corp., of South Bend, Ind., had refused to recognize it as the representative of the 14,000 Bendix employees. The union asked the board to hold a plant election so that, as the Wagner act provides, the winner of a majority of the votes shall represent all the employees.

In Detroit, meanwhile, President William Green of the American Federation of Labor was granting the union its charter, which gives it authority over all the local unions in the industry, these having hitherto been directly affiliated with the A. F. of L. and not connected with each other.

The main issue in the convention was whether the A. F. of L. bureaucracy in Washington was going to run the new international, or whether the members were going to run it. Green told the delegates that the A. F. of L. would insist on naming the new president and exercising a degree of supervision over the international; and in return it would provide some financial support.

Most of the delegates had come to Detroit prepared to fight this scheme. And next day, when a resolution was offered to name Francis J. Dillon, the A. F. of L. organizer in the industry, provisional president for a year, the delegates rejected it. But Green asserted that his slate of officers would be installed despite the delegates' vote.

Weak in Dues-Payers

Dillon presented a report showing that the union has agreements with 16 companies, only one of which, Penn Arrow, is an automobile manufacturer. Twelve of the 16 are in Ohio, 8 being Toledo. Although there are about 400,000 employees in automobile and parts plants, the report claims no more than 35,000 dues-paying members. But union strength seldom depends on dues-paying members alone. These are the more militant and prosperous union supporters. In addition, a union can often count on a certain degree of support from members who are behind in their dues, and from other employees. At any rate, the United Automobile Workers expressed confidence that they would win elections in most companies.

In the longshoremen's union, the Los Angeles and Seattle locals voted to renew for a year their contract with employers and to resume handling cargo from British Columbia, where longshoremen not affiliated with the A. F. of L. are striking. But the San Francisco longshoremen, led by Harry Bridges, insisted that the new contract must not require them to unload ships loaded in British Columbia by strikebreakers.

Coast business men fear that if a waterfront strike is begun, it will aggravate the bad labor situation in other fields, particularly agriculture. Workers on the farms, many of which are large industrialized enterprises, have complained of low pay and poor sanitary conditions. Business men in many places have organized semi-secret groups which are allied with state's attorneys, sheriffs, and police departments. Tear gas, presumably received from a law-enforcing agency, was used last week by a well-organized group of masked men against a farmer who had shown sympathy with the workers. He was gassed out of his home and, with another union sympathizer, tarred, feathered, and beaten. The coming weeks may see an intensification of this organized lawlessness.

No Closed Shop for Ships

The Camden strike ended in a defeat for the Industrial Union of Marine and Shipbuilding Workers of America on their main point—the closed or preferential shop. This question is not to be considered by the arbitrators. However, the company agrees not to employ outside workers as long as there are available competent persons who have worked for it in the past 2 years.

President Roosevelt was able to find

THIS WAY
TO 1000 IDEAS
*on repealing your
 "OBsolescence Tax"*

MAIN ENTRANCE
MACHINE TOOL SHOW
CLEVELAND... SEPT 11-20



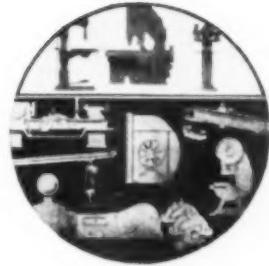
You owe it to yourself, to your organization, to visit the Machine Tool Show in Cleveland.

Since the last exhibit—five years ago—striking advances have been made in speed, efficiency and accuracy of machine tools for all classes of production. Meanwhile machine tool replacements have lagged to the point where a recent nationwide survey indicated that approximately 13 out of every 20 machine tools in use could be replaced with profit to the user.

Only by checking each operation in your plant against the performance possibilities of new equipment on the same job can you be certain you are not contributing a good share of your profits to the "tax" levied by obsolescence. The Machine Tool Builders' Show offers you that opportunity. Send your key operating men. Come yourself. You will be well repaid.

R 52058

Westinghouse cooperates with the manufacturers of machinery and their customers in the design and application of improved electric drive for every industry.



THE "OBsolescence TAX"

The dark portion of the circle indicates the percentage of equipment in American industry which is estimated to be more expensive to operate than to replace. The recent Machinery and Allied Products Institute Report shows 18½ billion dollars worth of equipment needed by industry. At an average net saving of only 10 per cent by new equipment, the cost per year of obsolete equipment is nearly 2 billion dollars.



• **Westinghouse**

the settlement by his power of canceling the \$50 millions of naval construction held by the New York Shipbuilding Corp., controlled by Cord, the 41-year-old automobile and aviation executive, who is understood to have said he would "close down the shipyard rather than do business with union labor." Ben Smith and Thomas F. Bragg, stock market operators, were associated with him in acquiring the company, and James Joseph ("Gene") Tunney, the fastidious ex-fisticuffer, represented

Smith and Bragg on the directorate. The arbitrators are Rear Admiral Henry A. Wiley, retired; Frank P. Douglass of Oklahoma City; and Robert Bruère of New York, formerly with the NRA. The union and the company agree to accept the arbitrators' award.

Lessing J. Rosenwald, arbitrating a dispute between the American Federation of Hosiery Workers and the Full Fashioned Hosiery Manufacturers of America, decided that the renewed agreement shall leave wages unchanged.

to sound terms, finance companies ask.

Meanwhile department stores, dealers, and manufacturers are taking a fling at the new scheme, trying for increased sales on the easy-payment stuff, with the government holding the tick in case anything goes wrong. Finance companies point out that, in many cases sellers are taking no cognizance whatever of credit risk, calculating that the law of averages will keep the loss rate safely under 20%, the limit of FHA insurance, with FHA taking over all the bad stuff.

But even with this happy freedom from worry on the part of sellers, and with 2,200 speakers, 280 radio programs, 8,500 movies, etc., plugging FHA, there is no evidence that consequential new business is being created. The National Association of Sales Finance Companies sees no increase in the ratio of instalment sales to all retail sales. Refrigerators, the largest FHA item, show less increase this summer over last than does general business activity.

Say Banks Won't Stay In

Finance companies ridicule the idea that FHA is swinging instalment business permanently to the banks. They say it is too specialized for banks to carry on after the insurance feature is gone. In the meantime, FHA's campaigning for refrigerator business, etc., is viewed as a wanton attack on the morale of the general instalment buyer.

Last week, when the banking bill passed, it was disclosed that House and Senate conferees had re-inserted an amendment which clarified FHA's authority to insure loans on movable household equipment. FHA is definitely in the game—at least until it runs into a constitutionality test.

Financing Companies Warn FHA

Veterans of instalment selling are disturbed as Housing Administration rushes into household equipment field where they have learned to tread carefully.

THE Federal Housing Administration and the finance companies are still on speaking terms, but conversation is a little icy. There is only one tiny spot in the FHA program that chills relations, but that one is enough, for the finance companies say it is designed to dissipate the work that they have been doing for 30 years.

They don't care how many mortgages FHA insures or how many instalment modernization loans between \$2,000 and \$50,000 it insures. But when FHA comes into the mechanical refrigerator, electric range, washing machine, and household equipment field with the "nothing down—5 years to pay—don't bother about the credit risk" policy, the finance companies are mad.

Up to Aug. 23, FHA had gathered \$130 millions of insured instalment loans under its belt. Finance companies aren't concerned about that. It is a drop in the bucket compared with aggregate financing business. But they are much concerned with what is happening to the public's view of instalment financing.

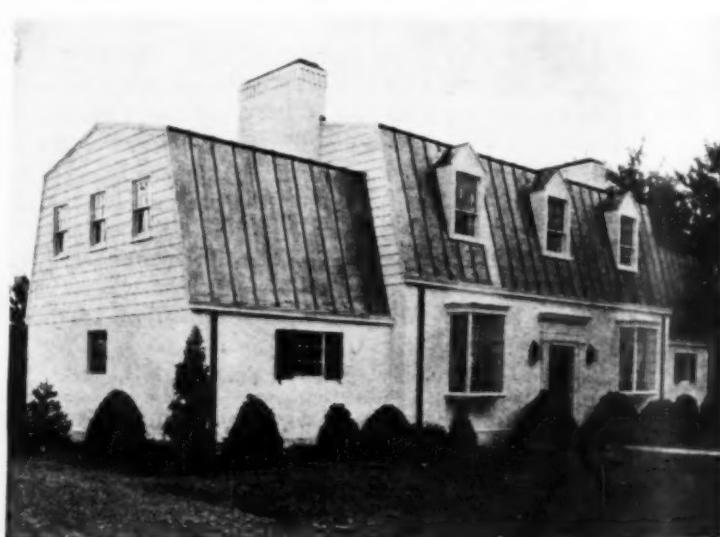
Taught by Experience

Almost as far back as 1900 the credit companies opened up the instalment field. At first it was pretty loose. Grandpa's piano was floated on 3-year paper and the early companies happily trusted grandpa to stay visible and pay up. But in the next 30 years the finance companies took licks that pounded some sense into their heads. And over that period of time they educated borrowers to three things: (1) that a time buyer should make a substantial downpayment; (2) that he should expect to pay out within a year or two on the general run of moderately priced items of household equipment; and (3) that, if he didn't meet the terms of his contract, he should expect to see the knick-knack abstracted from his parlor or his kitchen.

Under these ground rules the finance companies got the business down pat, losing only 1% to 2% on annual gross and making of themselves a class whose paper the banks were eager to buy.

Now, they say, FHA threatens to undo all their work by stretching its original aims to include such things as refrigerators and washing machines, encouraging purchases of household equipment with nothing down, time up to and even beyond 5 years, no conditional sales contracts or repossession stipulations, and too low interest (only \$5 discount per \$100 of face value—equal to 9.7%, or 1 to 8 percentage points below usual terms).

When FHA expires (small loan section is up Apr. 1, 1936) how long is it going to take to reeducate the public



BENNETT R. BROWN
KENNECOTT'S CURTAIN RAISER—To show America what its new copper house looks like, Kennebunk erects this spacious dwelling (at a cost of \$13,000) near Washington. Walls are made of copper plates, insulated with glass fibers. The construction method makes available the economies of prefabrication.

First Copper House

Kennecott Copper Corp. inaugurates its building drive with a house that has glass insulation.

THE copper dwelling house, long known in Germany and other European countries, makes its débüt in the United States. Copper Houses, Inc. (New York), subsidiary of Kennecott Copper Corp., has completed its first structure near Washington, D. C. It inaugurates a campaign for the building of moderately-priced copper houses in accepted architectural styles to compete with older forms. It "combines the savings of prefabrication with the appearance of conventional architectural practice."

From \$4,500 Up

Copper house No. 1 is of the English farm type, but American colonial and other plans will be available. This pioneering job came to around \$13,000 exclusive of land, but regular designs will range from \$4,500 upward.

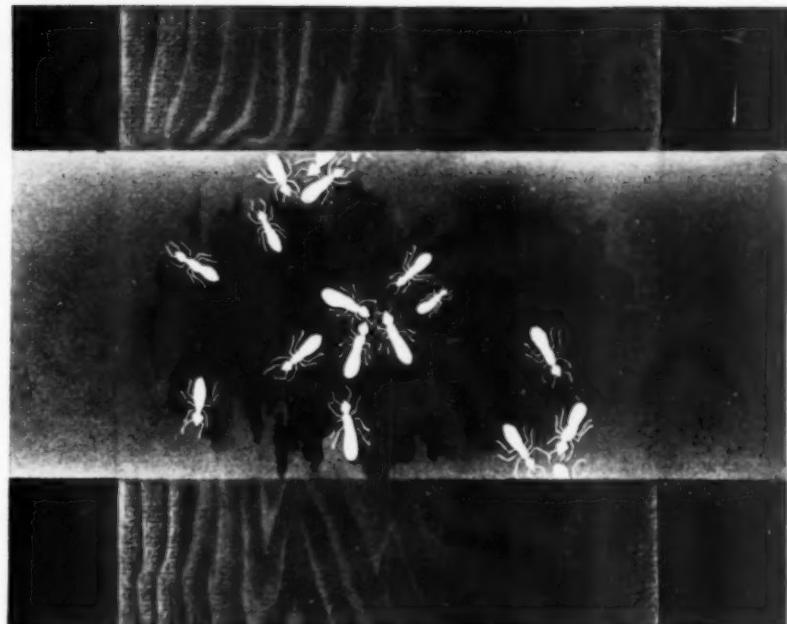
Resistance of the metal to deterioration is stressed. The outside surfaces, also water and heating pipes, radiators, lighting fixtures, and inside hardware, are copper or copper alloys. Framework and floor joists are structural steel. Weight rests on the outer steel frame, leaving the interior free for any room arrangement. Outside walls are heavy copper plates backed by composition board. These plates are fastened to the steel frame with a special bronze holding strip. The roof is sheet copper over a wood deck.

Insulation is unique. It is glass—spun to the woolly consistency of floss candy. Tiny air cells between the glass fibers keep out heat or cold. Roof spaces, intervals between the outer walls and the inner ones (of metal-lath and plaster), are filled with the glass floss. A 6-inch wall so treated is said to be as effectively insulated as 8 feet of solid masonry, and is said to be proof against weather, rust, fire, lightning, sound, termites.

Patina Applied

The outer copper plates of the Washington house have no finish except paint. Copper roofs acquire a beautiful green patina, but ordinarily this takes time. To overcome the shine of the raw metal, the roof of the experimental house is treated with a chemical which gives it an artificial patina.

Copper Houses, Inc., has perfected plans for selling sheets and its patented joining system through the regular building trades to all parts of the country. Building trades workmen are employed, since the houses are erected in the regular way except for the copper plates and the steel framework. Copper Houses emphasizes its acceptance of established American tastes by dodging the term "prefabricated" and by avoiding radical innovations in design.



Invisible destroyers

TERMITES work stealthily—in the dark. That they may be unobserved and unmolested, their attacks on, say, a wooden support are confined to its interior. Left standing is a thin outer shell. . . . And, often, not until things collapse is the slow, insidious destruction brought to light.

Among the "termites" that lurk in the very foundations of many industrial organizations are such invisible forces of reaction as "standard practices," "established methods," "acceptable formulas" and "satisfactory materials." Unmindful of their portent, a business may move along complacently—until, suddenly, it finds that an alert competition has captured the market because it discovered means of decidedly improving the quality of its product and reducing the manufacturing cost as well.

Steel tools, implements, appliances, vehicles, engines, machines—or parts thereof, such as gears, shafts, bearings, springs, wheels, housings,

frames, bodies . . . does your organization make anything the salability of which you would like to advance still further? There is scarcely an instance in which the addition of a relatively small percentage of Molybdenum will not improve any steel—whether plain or specifically characterized by any of the other excellent steel-alloying elements in existence. Furthermore, the production economies "Moly" effects will usually alone more than absorb its cost.

Your engineers are probably fully acquainted with Moly's many virtues and decade of successes. Call them in . . . insist on getting the facts about Moly. They may prove invaluable in rounding out your broader, executive plans for participating in the great business revival which now seems close at hand. Meantime, write for our new, non-technical brochure, "The A-B-C of Better Iron and Steel." Climax Molybdenum Company, 500 Fifth Avenue, New York City.

MOLY
"Mo-lyb-den-um"
INDUSTRY'S MOST MODERN AND VERSATILE ALLOY

Sears Prefabricates

Mail order company to sell house assembled on lot.

WITH an entirely new line of modern prefabricated units, 30 different plans for 4-to-6-room, one-story houses, Sears Roebuck & Co. is getting ready to re-enter the housing market.

Designs were worked out in cooperation with General Houses, Inc., and call for structural framing members made of special steel shapes, walls of insulated plywood (weatherproof on the outside), flat heat-insulated steel roofs, steel windows that include curtain tracks and hinged screens. Exclusive of foundations and final painting, the new Sears house will be 100% prefabricated, so that erection will involve only a simple assembling process. Its manufacturers stress the point that door and window units are interchangeable with solid wall units so that purchasers can adapt the style of final erection to suit location of the house or personal whims.

Prices for these houses, complete and ready for occupancy, will range from \$2,900 to \$4,200, and the type of construction involved has been accepted by the Federal Housing Administration for loan insurance purposes on a 15-year basis. L. R. Walker, supervisor of the Sears home construction division, points out that even on a 70% loan basis the owner of a \$1,000 lot would require only \$350 in cash to finance erection of a \$3,500 house and his monthly payment over 15 years would be but \$27.53 plus insurance and taxes.

Sears announces also that the first lot of 30 different designs is only the beginning, that more elaborate plans and some 2-story jobs will be offered later.

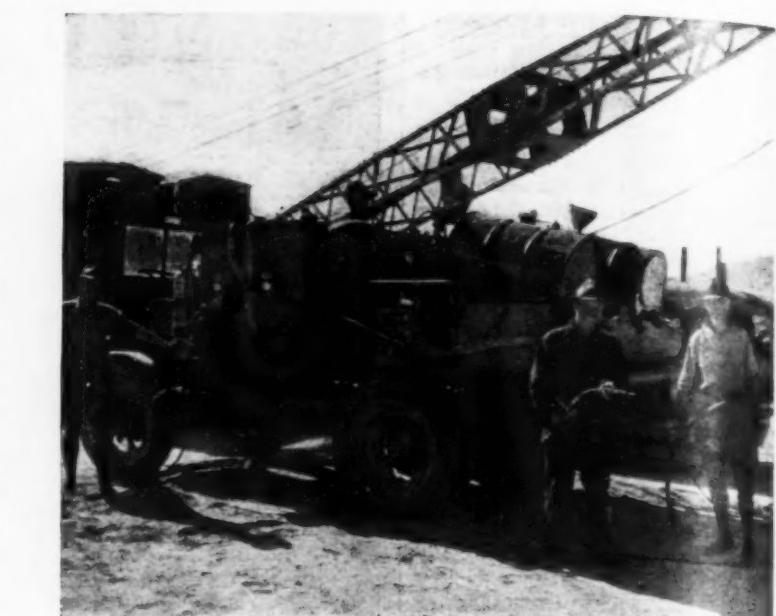
Tin Beer Bottle

New Continental Can Co. container seeks to preserve existing beer drinking habits and attitudes.

CONTINENTAL CAN CO. has groomed its entry for the battle of new beer containers. Like other new models (*BW*—Mar 9, Aug 10 '35), it is a one-time, one-way container, but in its adaptation of a new material—tin—to accepted bottle design it is unique.

Essentially, the Continental container is just a tin bottle, complete with cap. And that is precisely what officials of the Company have worked 3 years to develop, always on the premise that a new container should not require consumers to adapt themselves to new habits of carrying, opening, or pouring or to alter in any significant fashion existing patterns of thought or habit.

Hence, the traditional bottle opener will still have an exalted place in the



SERVICE STATION ON WHEELS—Out along the new Colorado River Aqueduct it's a long way between garages. So contractors Wood & Bevanda, who are building a section of the project, devised this traveling service station to supply trucks, tractors, and shovels with gas, oil, water, air, diesel fuel, and greasing.

homes of those who drink their beer out of Continental's containers, and the too-thirsty purchaser who disdains the use of a glass can still drink right out of the bottle—and without danger of cutting his lips or tongue.

In addition to maintaining these traditional values, company officials are convinced that their new model will effectively preserve a fresh-from-the-tap taste, for the lining of the bottle has been subjected to extensive tests.

Although the container has not yet been christened, it is reported that several brewers, including one of the big national distributors, have already placed orders, also that a nationally known ginger ale will soon make its debut in the Continental "can." Like brewers, soft drink producers are convinced that the bottle deposit feature of the traditional beverage marketing pattern has materially restricted their sales volumes, particularly in chain outlets.

Game Alliance

The American Wildlife Institute is formed to coordinate efforts for restoring our game population.

In the recently-created American Wildlife Institute, sportsmen and sporting goods manufacturers feel that they have at last a setup in which all forces for game restoration can center. The Institute will cooperate with governmental agencies and other organizations already in the field. It even hopes to enlist the

disarmament group—the National Association of Audubon Societies, of which Kermit Roosevelt is president.

The Audubon Societies have been campaigning passionately for a closed season on water fowl. Whether these zealots can be induced to an alliance with hunters and cartridge makers remains to be seen. The institute does have the blessing of J. N. Darling, famous the world over as "Ding" the cartoonist and now head of the federal Biological Survey (*BW*—Jul 6 '35). Wild life promotes annual expenditures of \$650 millions in this country. Ding sees the institute as "a business association of representative industrialists who directly or indirectly profit through an adequate population of wild life."

The institute counts on the support of the Izaak Walton League of fishermen and More Game Birds in America Foundation (*BW*—Oct 27 '34). Under the new setup, old rivalries disappear. Walter P. Chrysler is chairman of the institute's trustees, but most of the activities will be directed by Thomas H. Beck, president.

Mr. Beck's intimates don't worry about where he is going to find time for the institute. He is president of the Crowell Publishing Co., but wild life is his principal outside interest. This preoccupation began with his origins in California, continued while he was selling 20-Mule-Team Borax, persisted through his activities with Locomobile and *Collier's*. At Wilton, Conn., he has a huge estate which he likes to think of as a farm. He is chairman of

the Connecticut Board of Fisheries and Game. He founded More Game Birds in America, is still a big supporter.

Joins Rival Interests

The last connection adds interest to Mr. Beck's presidency of Wildlife Institute. The Institute will take over and broaden the activities of the old American Game Association. This was supported by the arms and ammunition people, principally duPont. American Game and More Game Birds were rivals. The latter disclaimed support by the armament interests. Its policies of encouraging landowners to organize for game breeding and licensed hunting were disliked by American Game on the ground that it tended to restrict hunting and fishing to the moneyed classes.

Such controversies subside with Mr. Beck in the presidency of Wildlife Institute, American Game Association's successor. DuPont is providing the initial ammunition for the institute but other interests are expected to come in later. The list of trustees is impressive. The institute will spend \$150,000 for game management courses in federal land grant colleges (mostly state agricultural institutions). States must share in the cost. Other plans include: (a) organization of wild life representation in Congress and state legislatures; (b) use of public domain and federal forests for sanctuaries; (c) elimination of water pollution; (d) enlisting the aid of Canada and Mexico in a comprehensive restoration program.

Obviously success of the institute's drive will help all makers of guns and ammunition. Folks are wondering what Western Cartridge Co. (East Alton, Ill.) will do. Western is fighting duPont for the hunter's dollar. The astute Mid-Western corporation took over Winchester Repeating Arms some years ago, has been progressive in developing hunting powders. Meanwhile, the duPont colossus has gathered unto itself Parker Gun, Remington Arms, Peters Cartridge, and others. The interesting question is whether the competitors will assist each other in promoting shootable game through the Wildlife Institute.

Inhale a Clove

New cigarette is spiced to meet a new demand, serve an old purpose.

It's not merely a new cigarette, but a clove-flavored one, with which the Brown & Williamson Tobacco Co., subsidiary of British American Tobacco Co., Ltd., is making a bid for a bigger slice of the cigarette business.

Although no official announcement has been forthcoming, it is reported the phenomenal success achieved by menthol-treated cigarettes furnished the

ONE LOSS



is too many

Employee dishonesty is a dangerous liability — yet your statement never shows it till the damage is done.

The breakdown of a single employee on your payroll may mean a shocking financial loss. Greed or need daily tempt even "old and trusted" employees into misappropriations that bite heavily into capital or profits. One loss may be too many.

You cannot control the conscience of an employee—but you CAN insure against the consequences of his default. Adequate Fidelity Bonds provide dollar-for-dollar protection which may spare your company the shock of serious or disastrous loss. Such Bonds are comforting, inexpensive assets against heavy, though invisible, liabilities.

There are National Surety representatives everywhere. Each is a specialist in Fidelity, Surety, Forgery and Burglary protection, thoroughly equipped to serve you.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, PRESIDENT

inspiration for "Clovelly," as the new smoke has been christened.

Since repeal, the familiar trays of safety-first spicery have reappeared at many bars. The new crop of customers is using them in the same old way. Now they will get a chance to inhale the camouflaging fragrance of cloves instead of having to extract it by chewing.

(Import figures show that 1934 receipts of whole cloves, totaling 4,959,000 lb., were 25% higher than in 1933.)

While other cigarette manufacturers are watching the clove experiment, they are not greatly concerned over the new invasion. Right now, their industry is going at a record-breaking pace. In July cigarette production established a new all-time record for the month with a total output of 13,138 millions, over 300 millions better than the previous top established in 1933. There is a fair chance that 1935 will break all previous production records for a full year.

Insurance for Investment Tips

Big life companies are making significant shifts in buying—away from governments—into mortgage loans.

BUSIEST spots in the financial world these days are the investment departments of life insurance companies, custodians of 22 billions of savings. Their buying orders have been twice as heavy this year as last, almost 6 times as large as during the moratoria-policy loan-cancellation era of 1933.

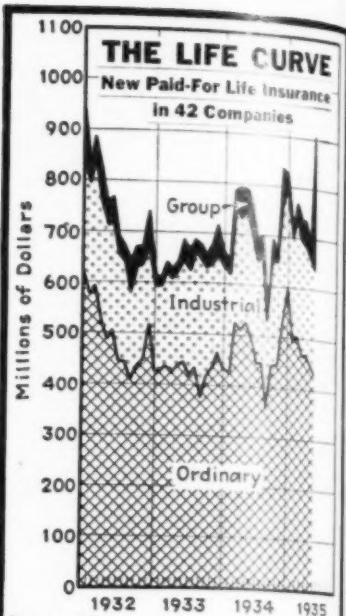
Their complaint is that of all other investors: too many buyers, too few securities; consequently too high prices and too short yields—and that, of course, leads back to the artificialities of the prices whereby the government is financing a deficit through creating bank credit and supporting markets for its own securities through its own vast investment accounts.

More Varied Diet

Within recent months the insurance companies have broken away from the

strict diet of government obligations to which they limited themselves during early convalescence. As the capital markets have opened up they have broadened activities moderately. Governments—federal, state, and local—make up only 60% of new purchases since Jan. 1. A year ago they represented 75%.

Just what their purchases did consist of, as pictured in the accompanying chart, is as good a tip as any small investor could ask—subject, naturally, to allowances for peculiarities of insurance company policies and of the markets that have recently prevailed. It must be realized that insurance companies have a predilection for buying securities in big blocks, hence depend upon new offerings as a convenient source of supplies. Also, that most new offerings this year have been for refunding of



Source of Data:
Assn. of Life Ins. Presidents Business Week

highest-grade issues, the type held in big blocks by the insurance companies.

That will account for the heavy total of public utility bond purchases, most of which merely replaced called bonds. But that fact does not invalidate the recommendation for power company obligations. If the insurance companies hadn't liked them, they had a perfect chance to get out from under by accepting the cash call price and reinvesting it elsewhere.

Practically every type of investment has been heavier than a year ago. Most significant to business analysts is the expansion in mortgage loans to \$1225 millions for the first 7 months of 1935 against \$34 millions in the similar period of 1934. Most of the increase was in city mortgages and a part is refinancing, but it provided a trickle of building funds. Railroads have been slighted. Although the ratio of tax-exempts to other types of securities has been reduced, the actual amounts purchased run substantially ahead of last year. In the federal list, the insurance companies still prefer the short-term.

New Policy Sales

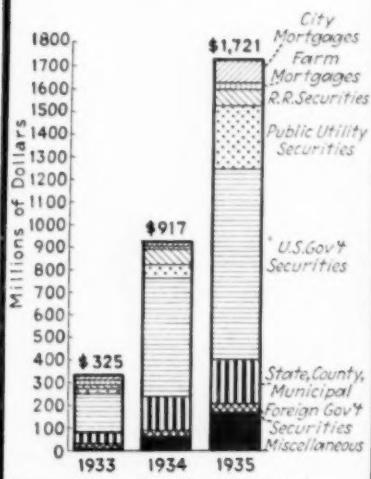
Notwithstanding the spurt in buying cash balances remain high and daily receipts are being augmented by a fairly satisfactory volume of new policy sales. Midsummer results have not lived up to the burst of new business booked at the first of the year but for 7 months the total of \$5.4 billions for all types of policies is 4.6% ahead of last year's good showing, 20% above 1933.

Large group sales came to the aid of lagging ordinary life business in July when a part of the \$400-million United States Steel policy went on the books.

What The Biggest Investors Are Buying

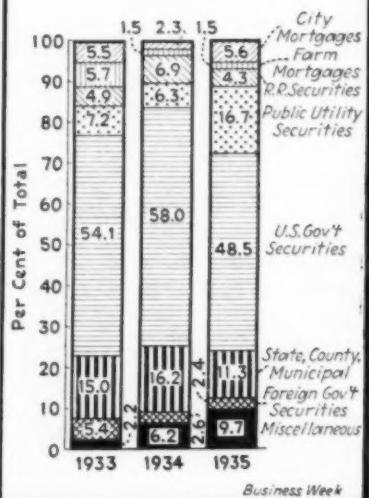
7 months investments of 45 Life Insurance Companies

By Amount



Source of Data: Wall Street Journal

By Percentage



Business Week

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

THE new radio beacon receiver for aircraft, announced by Seabury & Sons, Inc., is represented as capable of operating on beacon signals of the Department of Commerce and of receiving weather reports and other air signals from distances up to 200 to 500 miles (depending on weather conditions). It is workable with either high- or low-impedance headphones, it is light in weight, and does not require special block mountings.

HANNIFIN MANUFACTURING CO. has announced a new type portable production riveting machine which has an automatic pressure generator with electric valves and oil pump control, portable jack type hydraulic press weighing only 94 lb., pressure adjustment, pushbutton control. It handles rivets up to $\frac{1}{2}$ "¹, has a maximum rate of $2\frac{1}{2}$ seconds per riveting cycle.

A STAINLESS steel tennis net is announced by the Page Steel and Wire Division of American Chain Co. It is represented as corrosion-resisting, will not sag, stretch, tear, or wear out regardless of weather, will injure neither ball nor players, has standard "W & D" center strap and canvas cover top that provides the same action as the top of ordinary cotton cord net.

INDICATOR CORP. offers the 6-Multiple patented fuse plug, which casts a bright neon light when the fuse is blown and is restored to operation by a slight turn through which a new fuse link is engaged. It has 6 renewal links, works on AC or DC current and sells at the average retail price charged for 6 separate fuse plugs.

The "Power 1 Twist" waste line cleaner offered by General Appliance Co. for breaking up pipe stoppages, has 50 feet of flexible steel rod which is fed through a special sleeve and nozzle until stoppage is reached, then is revolved until obstruction is broken up.

THE AC Spark Plug Co. announces a new type spark plug for radio equipped cars which has a replaceable resistor unit built into the insulator and is designed to improve radio reception without affecting engine performance.

THE Dayton Display Fixture Co. has announced a new line of display fixtures for fruits and vegetables provided with an air circulating system that will help to keep perishable goods in salable condition.



THE CHINESE PAY A DOCTOR TO KEEP THEM WELL

THE CHINESE pay a doctor to keep them well—a saying that we often hear. Whether or not it is true, it is a good view-point and something we'd expect to find in the Chinese proverbs.

We can't say that Otis Elevator Maintenance is patterned after this Chinese tradition, but we can say that the purpose of Otis Maintenance is to keep an elevator well and healthy. Under Otis Maintenance, it isn't the plan to do repairing after something has happened, but rather to anticipate and forestall elevator troubles. The purpose of Otis Maintenance is to keep an elevator in such good condition that it will never have any serious illness.

This is not a theory of elevator maintenance that sprang up overnight. It is the outgrowth of many years of elevator work. It is a maintenance principle that developed along with the Otis Elevator itself. It is a maintenance ideal that has become a reality—the rule under which all Otis Elevator Maintenance operates today.

Please consider this about Otis Maintenance: It is a Service that is operated by the same organization that builds the Otis Elevator. It is a Service that is as varied as the different Otis Elevators in operation in this country—as varied as the buildings they serve. And it is a Service that is available at a reasonable, flat monthly rate—which means that you can budget your elevator up-keep and then just forget about your elevators.

You can rest assured that under Otis Maintenance, your elevators are in the hands of men who know how to care for them.

OTIS ELEVATOR COMPANY



APPLIANCE SALESMEN—When EHFA's financing activities pushed sales of specially built, low-cost electric appliances up to record highs in the TVA area, manufacturers, dealers, and consumers sought expansion of its operations. Result: creation of the new national EHFA under the general direction of an RFC board and President Morris L. Cooke (seated left center), who also heads up REA.

Calavo Growers Star as Sellers

After Californians had marketed that 13-million-lb. crop of avocados (also known as alligator pears), even Florida offered them a job.

A RECORD-BREAKING crop of California avocados (hereinafter referred to as Calavos), 400% greater than the best previous year, has just been marketed by Calavo Growers amid commendations from the entire fruit industry. An imperative change in merchandising methods—mainly in trading Calavo's silk topper for a brown derby—moved the highly perishable bumper crop without glutting the markets. Consumers enjoyed the lowest prices in Calavo's brief history, yet growers received a satisfactory return per acre.

When this year's 13-million-lb. crop was in the offing (3 million was average for past 5 years), George Hodgkins, manager of Calavo Growers, decided to throw in with the proletariat who had not yet sampled his aristocratic fruit. Accordingly, advertising in quality magazines gave way to successive sales campaigns in 20 Eastern metropolitan centers. Tied in to newspaper advertisements and publicity stories were dealer displays, store demonstrations, cooking schools. Mayors of each town were asked to add an "Avocado Week" to official calendars. Hotel and restaurant chefs were detailed. When one town was worked the mobile promotion crew moved on. Results: in the East, Calavo sales increased 8 times over 1933-34, with some cities showing as high as 30-fold gains. Even in Calavo-conscious California, where the fruit is mixed into every course from

soup to ice cream, consumption was quadrupled.

Best news to the folks back home was the price stability even at the season's peak. From 20,000 flats (one-layer crates, 13 lb. each) per week in December to 60,000 weekly during March, the association held its price to within 4¢ per lb. differential. That's quite a feat in the fruit industry, where normally such a huge crop at its peak would thoroughly glut every market.

High-Grade Alligator Pears

Calavo Growers is a centralized cooperative patterned after the citrus association. It has 2,000 members who grow 75% of the California crop. The name Calavo is not only a trademark but a designation of certain standards for appearance, palatability, oil content, and keeping qualities. Strict grading is necessary because the several hundred varieties of avocados all look good to the average buyer, but many should be culled because of unsatisfactory flavor, softness, or presence of too large seeds.

Visitors to southern California in 1927-29 remember that only the most elusive could dodge a free special train or sightseeing bus excursion trip which brought Iowans, Kansans, and not a few native sons to a tent where Judge or Senator Somebody, commission orator, would offer his sandwich-munching audience a chance at independent incomes with enormous profits from a few acres of land suitable for avocados,

then bringing 35¢ per lb. to the general pioneer growers.

Acreage planted at that time is now beginning to bear, and most profusely. This year, growers are lucky to get 4½¢ per lb. Without a marketing association the situation would be bad. Experts believe that 5 years hence present orchards will nearly quadruple this year's record crop. With a definite merchandising policy, the association is confident it can maintain a demand.

Florida Pops the Question

Florida, with acreage somewhat less than California's, has had no centralized marketing group. As a result, prices have fluctuated violently, often affecting Calavo's prices during the fall season when fruit from both states is competing in the Eastern markets. After viewing the successful Calavo marketing experiment, the several Florida groups got together and, believe it or not, proposed to California to take over their entire crop, starting in 1936. Calavo will offer the Florida fruit under another name, yet unannounced. Since the Florida crop comes on in late summer when the California production is lightest, the new setup will be easy for Calavo Growers to handle.

Florida's affiliation with Calavo as a partner in peddling instead of a competitor, leaves one thorn: Cuba. Theoretically, domestic producers, who have done all market development work, are protected from imported fruit by a 15% duty—except from Cuba, which dumps millions of pounds on Eastern markets annually. Calavo Growers has as yet had no success in trying to make the Customs Court see their side.

Triple Threat

No relief for food industry: Patman probe continues, FTC inquiry voted, and new anti-price discrimination bill is readied.

Food and grocery men have been on the hot seat for 2 months now, ever since energetic Wright Patman wangled a \$2,500 appropriation out of the House to investigate the evils of the chain store system. And adjournment brings no relief. Indications are that the seat is going to be even hotter.

Just before they called it a session and went home, congressmen stoked up 3 nice new fires. (1) To Mr. Patman they granted \$7,500 (instead of the requested \$25,000) to keep his show running through the rest of the summer and fall. (2) The House Judiciary Committee named 3 of its members to study the Patman anti-price discrimination bill, which failed of passage this session, and to report back a bill for action in January. (3) To the Federal Trade Commission was voted a speci-

\$150,000 appropriation to investigate the middleman's price spread. Despite failure of deficiency appropriation bill, the funds will be forthcoming.

Troublesome as the Patman inquisition has been to the whole grocery industry, the FTC investigation—inspired by Tugwell, pressed by Senator Wheeler, approved by the Administration, and enthusiastically endorsed by both Houses—looks like a far more dangerous charge of dynamite and one which is certain to blast out some damaging legislation, both federal and state. Food men find some scant comfort in the fact that the big fund is not to be exploited by a grandstanding congressman but rather by the less adroit FTC—so that headlines won't be quite so big and black or quite so frequent.

Congressmen Rap High Prices

When the measure came up for final approval in the House this week (it had been passed 7 months ago by the Senate and held off until AAA amendments were safely through), more than a dozen congressmen vociferously seized their chance to ride the nag whose stable-mate Mr. Patman has made so popular. With self-righteous relish they quoted figures from the Senate Agriculture Committee to show that in 1928 the farmer got 47¢ and the distributor 53¢ out of every food dollar; that in 1932 the farmer's share had slumped to 33¢ and the distributor's increased to 67¢. Frequent reference was made to the Detroit housewives' meat strike.

But cagey Mr. Patman has no intention of surrendering the spotlight. He has become too accustomed to it, thanks in large part to his bonus bill. The present show didn't hold much promise at first, but as soon as the A&P advertising allowance list was uncovered, showing precisely what sums various manufacturers paid to the big chain, a 5-star rating was won. A few weeks later, release of similar figures for the Liggett drug chain kept the Patman play well up in the list of current hits. And now, having locked horns with John Francis Neylan, who has refused to furnish a statement of allowances received by his client, Safeway Stores, Mr. Patman is assured of a continued big press, for Mr. Neylan is also attorney for the powerful Hearst interests.

May Tour the Country

Once out of Washington, Patman and the 6 other members of his inquiry board don't expect to return till they have to. All of them have political fences to mend at home. So the investigation will probably be converted into a road show playing the districts of the committee members. Since that may use up funds too rapidly, Chairman Patman may solve the problem by deputizing each member to carry on his own private probe and make what political capital he can of it.

MAYBE YOU COULD USE THESE SAVINGS



EVEN if you aren't directly concerned with construction or plant maintenance problems, you may find this book worth a few minutes' time. Because it tells how 'Incor' 24-Hour Cement saves real money wherever concrete is used.

'Incor' Cement cures or hardens in one-fifth the usual time. That means: (1) factory floors, industrial driveways, loading platforms resurfaced over a single week-end—no business tie-up; (2) in building construction, concrete forms used one day, re-used the next—form costs reduced 60 to 70 per cent; (3) building additions completed weeks sooner, at a distinct saving in labor, materials and overhead; and (4) stronger, denser, more watertight concrete—the kind that lasts longer, costs less for upkeep. Write for free copy of "Better Concrete"—address 'Incor' Cement, Room 2202, 342 Madison Ave., New York. 'Incor'* is made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other leading cement manufacturers.

* Reg. U. S. Pat. Off.

'INCOR' 24-Hour Cement

The Business Record, State by State

Percent Gain or Loss from First Half 1934 to First Half 1935

States by Regional Groups								
New England.....	+26	+7	+13	0	+4	-0.1	+8	-11
Maine.....	+15	+1	+10	-6	+4	-39	+8	+17
New Hampshire.....	+26	-11	+22	-2	+7	+18	+18	-71
Vermont.....	+39	+29	+26	-3	+7	+20	+23	-26
Massachusetts.....	+23	+9	+16	0	+4	+20	+4	+8
Rhode Island.....	+28	+1	-7	-11	+6	+19	-10	-27
Connecticut.....	+34	+11	+12	+6	+7	+14	-1	-33
Middle Atlantic.....	+36	+16	-10	+1	+1	+13	+3	+42
New York.....	+33	+21	-13	+1	+0.1	+10	+2	+72
New Jersey.....	+45	+26	+6	-1	+3	+15	-3	-25
Pennsylvania.....	+35	+7	-11	+4	+8	+17	+6	-15
East North Central...	+61	+35	+24	0	+16	+42	+4	+12
Ohio.....	+43	+13	+5	-1	+15	+41	+7	+74
Indiana.....	+101	+69	+5	+5	+18	+64	+5	+10
Illinois.....	+78	+47	+61	-2	+14	+47	-6	-18
Michigan.....	+43	+19	+11	+1	+23	+16	+9	+56
Wisconsin.....	+92	+56	+8	+3	+13	+36	+16	-32
West North Central..	+59	+34	-1	-5	+12	+20	+18	-16
Minnesota.....	+68	+48	+16	+5	+10	+31	-8	+55
Iowa.....	+76	+32	+12	+1	+27	+36	+31	-33
Missouri.....	+37	+22	-14	-13	+10	+32	+54	-45
North Dakota.....	+69	+45	+18	+7	+14	-48	+7	-20
South Dakota.....	+115	+97	+14	-8	+10	+11	+8	-67
Nebraska.....	+45	+14	+7	-4	+5	-7	-2	+125
Kansas.....	+72	+38	-9	-10	+11	+36	+4	+53
South Atlantic.....	+37	+30	+10	+4	+11	-9	+6	-2
Delaware.....	+43	+18	+5	+23	+16	+30	+10	-65
Maryland.....	+46	+38	-15	-4	+7	+21	+21	-73
Dist. of Columbia.....	+58	+33	-11	+30	+16	No data	-6	+39
Virginia.....	+61	+38	-0.1	+6	+8	-2	-9	+19
West Virginia.....	+23	+15	-18	+9	+8	+14	-1	+35
North Carolina.....	+36	+36	+27	+1	+10	-24	+20	-15
South Carolina.....	+25	+30	+39	0	+29	-27	-15	+13
Georgia.....	+24	+42	+23	-4	+10	-11	+20	+89
Florida.....	+24	+4	+82	+1	+15	-3	+3	-65
East South Central...	+37	+37	+16	0	+3	+4	+15	-48
Kentucky.....	+34	+34	-15	+8	+2	+27	-2	-12
Tennessee.....	+65	+71	+8	-6	+9	+21	+17	-25
Alabama.....	+19	+14	+52	+7	-9	-28	+21	-84
Mississippi.....	+20	+30	+69	-10	+16	-7	+1	-47
West South Central..	+29	+34	+19	-2	+8	+3	+5	+13
Arkansas.....	+18	+46	+18	-5	+22	-16	+102	+1
Louisiana.....	+38	+47	+60	+15	-2	-6	-5	+55
Oklahoma.....	+34	+25	-5	0	+10	+9	+4	-28
Texas.....	+28	+33	+22	-8	+11	+7	+4	+15
Mountain.....	+58	+45	+24	-3	+14	+5	+15	-61
Montana.....	+100	+83	+6	+24	+38	-0.2	+37	-83
Idaho.....	+84	+51	+51	+4	+28	+6	-11	-12
Wyoming.....	+60	+33	+2	-8	+21	-3	+8	-48
Colorado.....	+29	+14	+5	-15	+10	+15	+4	-14
New Mexico.....	+51	+44	+42	+4	+18	-7	+13	-68
Arizona.....	+53	+45	+69	-4	+18	-11	+1	-51
Utah.....	+72	+52	+23	+10	+10	+21	+52	+11
Nevada.....	+40	+52	+44	+29	+12	+12	+0.2	-30
Pacific.....	+74	+58	+32	+4	+14	+21	+2	-9
Washington.....	+65	+71	+4	-6	+11	+9	+8	-24
Oregon.....	+82	+62	-18	+2	+10	+15	+6	-54
California.....	+75	+53	+54	+6	+14	+25	-1	+15
UNITED STATES.	+47	+30	+10	0	+5	+13	+5	-8

Business Week

Cotton Finesse

AAA cuts loan to help cotton trade but has to add subsidy to help cotton politicians.

KING COTTON lived up to its name last week. The monarch jiggled its sceptre, kept Congress from adjourning, proved that politics is more powerful than economics, and demonstrated that cotton growers produce cotton for money, and not because they love the cute little bolls.

AAA, trying to duck another flood of surplus cotton on a high loan, announced a 9¢ loan on the 1935 cotton crop, plus an outright gift of enough additional money to bring the average September-January return to the grower up to 12¢. The cotton senators were not interested in loss of exports, decreased world and domestic consumption of American cotton, sterilization of a big chunk of RFC money in cotton loans, or any other of the drawbacks that had attended last year's 12¢ loan. They were interested in money for the cotton farmer and they went after another 12¢, reinforced by a contingent of wheat senators demanding a similar loan for wheat. With adjournment hung up, they finally forced a compromise.

Grudgingly AAA consented to a 10¢ loan and a subsidy of no more than 2¢. Now the cotton grower can sell his cotton any time up to next Aug. 1 and be assured of 12¢ for it, since the government will immediately pay him the difference between 12¢ and the average

spot price on the day of sale. This is on the assumption that the cotton market remains above 10¢; if it goes below that figure, the loan umbrella comes into use and the grower is expected to borrow 10¢ on his cotton, not sell it under that mark.

Smart but Dangerous

The switch of AAA from a straight high loan to a low loan plus a subsidy has the elements of both perspicacity and dangerous weakness. It was smart to appreciate the overwhelming weight of evidence that a high loan was isolating the United States from world cotton markets, and forcing cumulative cuts in production here with consequent reductions in the important revenue that arises from handling of cotton. Above 10¢ the market is free and within the limits of prevailing values in domestic and world centers; consequently American cotton can again compete for business, domestic mills will once more find the crop freely available to them.

But the subsidy is a weak point. It is a political concession. It convinces the cotton farmer that he has a right to a certain figure for his product. It is a direct federal gift to appease political pressure.

Nevertheless, this plan is more workable than the straight high loan and one that might solve problems in other commodities where AAA wants to con-

trol production and yet doesn't want to go busted doing it.

The unhappy experience in the 1934-35 season, when the cotton export index dropped to 60, lowest in more than a decade, and consumption of American cotton, for the first time since America rose to cotton importance, fell appreciably below half of all world consumption, gave AAA something to think about. Secretary Wallace freely admitted that another 12¢ loan would dump the crop into AAA's lap again, and that another dead, price-peged season would ensue.

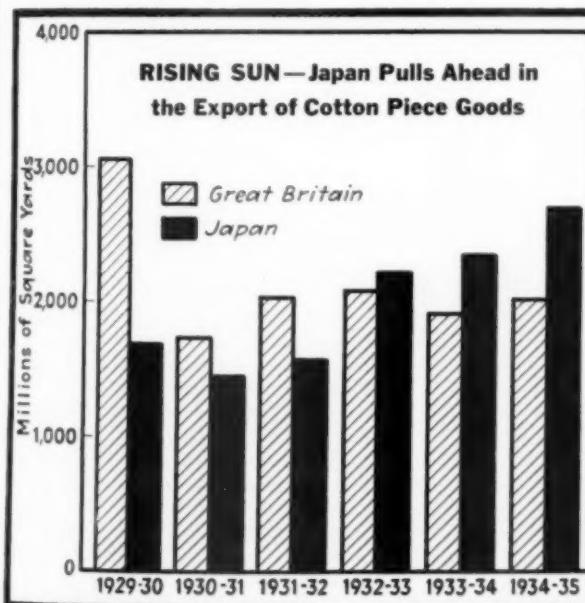
As it is, there is a chance for consumption to expand under free market conditions (if the 10¢ loan proves not too high). On the basis of a 12-million-bale crop, the farmer will reap \$700 millions plus \$100 millions in benefits and rentals—or even more if world conditions work out bullish (a medium fair prospect) and if growers hold their cotton back from market. What AAA officials most fear now is that the prospect of cotton higher than 12¢ will look so dim that the new crop will be dumped as soon as it is picked.

National Trucks

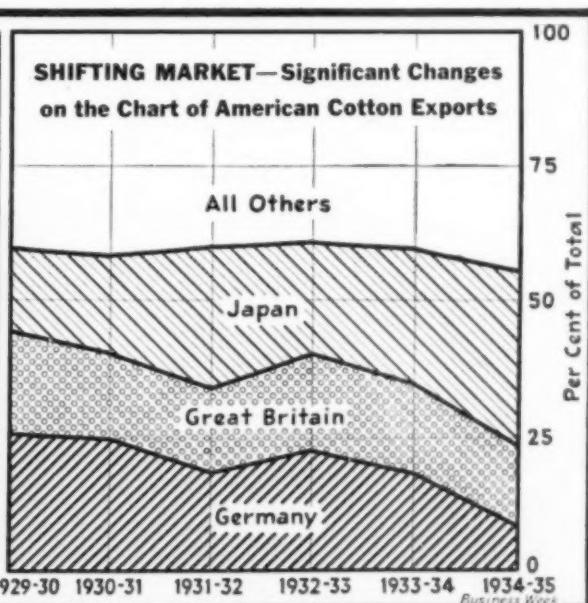
Chicago highway line head starts system to cover country.

A 37-YEAR-OLD Chicagoan is on the way to making his home town, already the hub of rail and airplane traffic, the hub of national motor freight transport as well.

He is J. L. (Jack) Keeshin, who



COTTON TRADE SHIFTS—Although it contributed less than half of the world's raw cotton last year, the United States still remained the leading supplier. Germany took much less than



usual, placed its orders chiefly where it could exchange German-made goods. Japan buys most of our cotton now, due to her success in capturing piece goods markets from the British.



Business Week

CATERING TO THE COACHES—Latest innovation in the North Western-Union Pacific's campaign to increase travel on trains between Chicago and the Coast is the installation of a stewardess service exclusively for women and children in the coaches. Rates have been sharply reduced, cars air conditioned, and low priced meals featured (e.g., scrambled eggs, bacon, rolls, and coffee for 25c.). Even free pillows are furnished. Result: 175% increase in passenger haulage.

started in the trucking business at the age of 14 with a borrowed horse and wagon, graduated at first opportunity to gasoline vehicles and continued his driving way to boss-ship of a fleet of 400 motor trucks.

As president of the newly-formed Keeshin Transcontinental Freight Lines, he will direct development of a nationwide system of transporting freight on rubber tires in close coordination with rail carriers and air lines. Nucleus of the system will be his present Keeshin

Motor Express Co., Ltd., of Chicago, one of the largest one-man controlled trucking operations in the world. In organizing the new company he is being aided by John D. Hertz, partner of Lehman Brothers, New York, and long prominent in transportation activities.

In preparation for the service Keeshin said he has already placed an order for 150 highway semi-trailers with the Freuhaf Trailer Co., of Detroit, and other orders for additional motive equipment.

\$25 a Month for Everyone

That's the promise to all over 16 in Alberta, where Evangelist Aberhart sweeps elections with Douglas' Social Credit plan, trimmed up a little.

OTTAWA (Special Correspondence)—Canada is to give the world a definite demonstration of Social Credit—the credit and monetary system in which money is issued against national wealth instead of against gold reserves.

The people of Alberta, western prairie province (population 730,000), last week turned emphatically away from the old economic order, electing by a large majority the new Social Credit party to office. In many ridings, Social

Credit candidates had clear majorities over the combined votes of 3 other parties, including the Farmer party, which has held office for 14 years. The election, originally fixed for 3 months earlier, had been postponed in a desperate effort to turn back the radical wave.

The Social Credit party will take over the provincial government, with William Aberhart, of Calgary, its schoolteacher and evangelist leader, as pre-

mier. It is pledged to put the Social Credit system into operation. It will bring Major C. H. Douglas, originator of the Social Credit movement, from England to be its adviser.

Aberhart's Social Credit plan differs in some features from the Douglas scheme, and Douglas, brought to Alberta last spring by the Farmer government, declined to endorse it fully.

Douglas holds that only part of the money expended in producing goods—that paid out in wages, salaries, and dividends—is available as purchasing power for buying the goods produced, and he would supply the purchaser with "Social Credit dividends" issued against new wealth to make up the balance, so that all goods produced would be bought.

Goes Douglas One Better

Aberhart is more direct. He promises to pay every resident of Alberta over 16 years a minimum monthly "basic dividend" of \$25 to be used as purchasing power, raising this by a tax either on sales or on "unearned increment"—that is, the increase in land value over the amount the owner paid for it. He speaks of much larger dividends" as possible later. He also proposes to establish "just prices."

Douglas isn't sure the Aberhart plan, especially the monthly "basic dividends" part, is practicable, or that Alberta possesses constitutional power to set up its own credit system separate from the rest of Canada. But Aberhart insists it has all the power it needs, that the currency system will not be changed. Orthodox social creditors think Douglas will exercise a restraining influence on Aberhart after Aberhart takes office.

Can't Duck That Promise

But the promise of \$25 a month for every resident except young children had much to do with the election result, and Aberhart is bound to try to make it good. Conservative observers forecast complete failure for the experiment, and think it will have the effect of discouraging radicalism. Aberhart converted the province to Social Credit singlehanded in 2 years by broadcast talks combined with gospel services from a radio station.

The Alberta election result is encouraging to the Stevens Reconstruction party in the federal election. Although Stevens has declined to commit himself on Social Credit, his bid for the federal Prime Ministership is based largely on condemnation of the existing credit system—concentration of credit and money power in the hands of bankers and big industrialists. Publicly he declares the Alberta vote to be against things he condemns.

Aberhart is seeking alliance with Stevens for the federal election; he wants Stevens to endorse Social Credit and make it a federal issue.

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Business Abroad

Concern over League eclipses all else—even U. S. Soviet clash and threat to trade relations. But Mussolini isn't worried; he figures England can't win approval for sanctions, France won't break "Stresa Front."

GENEVA becomes the focal point of attention for a war-frightened world next week as the League of Nations Council meets Wednesday to wrestle with the Italo-Ethiopian dispute. Showman Mussolini held his first "war council" this week against a background of meaningful mimic maneuvers. Meanwhile, Russia and the United States have started making diplomatic faces at each other with a prospect of still further slowing up the limping trade expansion between the 2 nations.

Business everywhere suffered from international political uncertainties, although the tension in Europe was relaxed when Premier Laval in Paris resumed peace efforts as a preliminary to the League meeting. *Business Week's* London and Paris correspondents indicated the easier tone, but a contrasting note characterized the Berlin wireless which spoke of growing fears of Anglo-Italian conflict. Paris thinks war inevitable but localized.

Nerve centers of business the world over will tingle when the British position is outlined at Geneva. The world recognizes the vital concern of England in the situation because of her native problem in Africa and Asia, not to mention her interest in the Tsana Lake region of Ethiopia, head water of the Blue Nile upon which Egypt's irrigation depends for dry-season reserves.

Best information is that Britain will not press for economic ostracism of Italy. If she did, France would prevent the casting of the necessary unanimous ballot. Although France has the same colonial problems as England, they are secondary to the French concern over keeping Italy in the so-called "Stresa front" against Germany.

Meanwhile, Italy is already feeling a natural economic pressure as foreign banks withdraw credits and exchange dwindles.

Il Duce's Crime List

One certainty to come before the League Council is the petition of Italy to have Ethiopia expelled. Mussolini's elaborate dossier will outline the unfitness of Ethiopia for membership, charging breach of international agreements, slave trade, barbarous oppression, a low level of civilization, inadequate court machinery.

Ethiopia can make the smart reply that conditions are better than at the time Italy sponsored her entry into the League over British objections. However, that may not prevent prolongation of the League's deliberation over the proposition to permit hostilities to open before it can take official action.

Mussolini's cabinet met at Bolzano, center of the sham war area in Northern Italy, ostensibly to decide final war measures, but quite patently to discuss, as well, the hazardous state of the country's finances.

Preparations have sapped Il Duce's

foreign exchange values against the dollar, even offsetting the normal seasonal pressure on the pound.

Ambitious hopes of our recovering the 1931 and earlier volumes in Russian trade, already clouded when the Johnson law limited the treaty business to a cash or private credit basis, were further dimmed when Moscow and Washington exchanged impatent notes over Comintern propaganda activities in the United States.

Russia was to buy \$30 millions from us under the new trade agreement framed after recognition last November, had already purchased \$25 millions this year, in consideration of \$15 millions exports to us. This compares with purchases of \$114 millions at the 1930 peak, but was looked upon as a starter, with cotton interests and machinery manufacturers particularly hopeful of having this outlet reopened.

Meanwhile, a British shipbuilder, Furness Co., got a Soviet order for 7 vessels of 4,000 metric tons each, largest Russia has ever given to one firm.

Great Britain

Business finds buoyancy difficult under war threat and recovery seems to have struck a plateau. Household appliances do well.

LONDON (Cable)—Resumption of diplomatic conversations ahead of next week's Geneva meeting has somewhat relieved the tension created by the futile Paris conference a fortnight ago, when



International News

WEIGHING OUR WAR STRENGTH—With war clouds on the horizon, the customary observation of U. S. Army maneuvers by foreign military attachés takes on special significance. With Maj. Gen. Dennis E. Nolan (third from right) at headquarters in Pine Camp, N. Y., where our greatest peacetime mimic "war" was fought this week, are (left to right) representatives of the armies of Japan, Spain, Mexico, Germany, Soviet Russia, and France.

France's Record

% Change 1935 vs. 1934

Item	Second Quarter	First 6 Months
Sales Tax Receipts	-11.1	-10.7
Construction Activity	-21.9	-17.6
Total Foreign Trade (value)	-11.3	-13.4
Machine Tool Imports	-24.5	-7.9
Coal Consumption	-3.9	-7.3
Industrial Raw Material Consumption	+15.6	+4.1
Iron and Steel Production	-2.6	-3.6
Automobile Production	-8.3	-10.5
Textile Activity	-10.4	-19.5
Cotton	+3.8	-7.9
Wool	+11	+8.8
Silk	-5.3	-6
Employment		

Britain felt herself on the brink of war. That threat revived the concern of experts for the 3 Mediterranean bases exposed to aircraft and submarine attack, as well as for the Suez canal, jugular vein of Empire trade, and helps explain strengthening of naval forces in those areas. The fleet will naturally guard British shipping if it is impeded by hostilities.

There is little thought here that the League will now attempt sanctions against Italy and it is regarded as a certainty that Britain will not go it alone in applying economic pressure. However, it is realized that even under the friendliest neutrality there would be severe trade interruptions.

Business Ardor Chilled

This attitude has chilled the speculative and business enthusiasm that boiled up during the late summer's counter-seasonal buoyancy in trade and finance.

Meanwhile, a scrutiny of recent trade figures indicates that the 1934 rate of recovery is being maintained but not sharply exceeded. Another plateau has been reached. July trade figures converted to a daily basis to allow for the extra business day this year are (000's omitted):

	1935	1934	% Change
Total imports...	£61,825	£58,028	+6.6
British export...	36,443	33,230	+9.7
Re-exports	3,961	4,192	-4.1
Total exports...	40,405	37,358	+8.2

For the first 7 months total imports are up 0.2%, British exports up 8.9%, total exports up 7.5%, re-exports down 1.7%.

Coal Industry Disturbed

The coal industry is upset over the 10% cut in French coal quotas which affects chiefly British coal, although it is not discriminatory. Franco-British coal trades are discussing proposals to pool interests in the French market, thus avoiding recurring friction whenever quotas are changed.

More labor rumblings come from garment workers, following the unrest in textile, coal, and transport workers. The apparel group is expected to refuse current wage agreements which soon expire and, although strikes are not anticipated, there will be uncertainty and probably higher labor costs.

Recent bright spot in trade has been

the boom in water softeners. The North Eastern Railway is installing 22 more, making a total of 40, used to prevent scale formation in boilers. London realtors are buying water softeners, refrigerators, and vacuum cleaners, using the instalment-payment plan so popular in America. The market for air conditioners is as yet untapped.

The 9,000-ton motor liner *Port Townsville* on her maiden voyage to Australia had two-thirds her cargo space filled with refrigerators. Incidentally, the passenger fare schedule was £50 for double-bunk cabins, £60 for single, compared with established rates of £88 and £105.

France

Wheat farmers' protest disturbs Laval, but higher prices are expected. Rist's committee seeks to end import quotas. Retail business improved.

PARIS (Wireless) — The protest of farmers against the low price of wheat has disturbed Premier Laval, who is taking measures to satisfy them. Last Sunday 25,000 persons attended a meeting at Rouen of the Green Shirts, an organization whose asserted intention is to help the farmers. They demanded that foreign produce be excluded from the country, and they threatened a tax strike.

But there is a brighter side of the picture. The wheat crop is estimated at 20% below consumption, so that the total crop and the carryover may be absorbed before winter. Thus the present internal price of 50 francs per quintal (90¢ per bu.) is sure to rise. And the Bank of France has announced a liberal loaning policy. It will rediscount the loans of the Agricultural Credit Banks to the farmers on the basis of 90¢ per bu. for 1934 wheat stocked with cooperative silos, 82¢ for 1935 wheat, and slightly lower amounts for wheat on the farm.

This loan policy is apt to stop the selling pressure and eventually raise the price to \$1.70 per bu.

Forcing Bonds Up

The bank is also discounting Treasury bills at liberal terms, and the government is using the money to buy in its bonds and force them up, so as to improve the government credit and make possible refunding at lower interest. Even if the rise of the rentes is obtained artificially it will promote popular confidence.

The advisory committee headed by Professor Charles Rist, which was recently appointed to study the tariff question, has a definite goal in mind. This is to replace the entire import quota system with tariffs. Laval is in favor of the change.

Business is seasonally slack, but retailers find conditions better than in 1934.

The Bourse is suffering from the Italo-Ethiopian war threat. However, financial circles are privately informed

that the war will be localized and the League of Nations will not authorize sanctions (meaning punitive measures) against Italy.

Germany

Fear of British-Italian war adds to uncertainty. Stock prices depressed by Schacht's setback and new rearmament loan.

BERLIN (Wireless) — Although Germany stands aloof from the Italo-Ethiopian conflict, general uncertainty here is increased because of the growing fears of an Italo-British War.

Stock prices have been depressed by the apparent ascendancy of the extremists over Minister of Economics Schacht, whose protests against terrorizing Jewish business firms have been disregarded, and also by the reaffirmed intention of the government to monopolize the capital resources of the country for public credit.

Schacht has lost official control over prices. Dr. Carl Goerdeler, Price Commissar, was chosen for that position by Schacht. But Goerdeler's term expired in July, and now Agricultural Minister Darre, who has often been at odds with Schacht, has assumed the functions of Price Commissar.

The government has announced a new loan of 1 billion marks, to raise more money for rearmament and to fund



"NOT RESPONSIBLE" — Serious damage to the thriving U.S.-USSR trade relations was projected by the refusal of the Soviet to assume any obligations with regard to the Communist International. In the absence of Litvinov, Under Commissar for Foreign Affairs Nikolai Krestinsky declined to accept the United States' protest.

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WORKINGMAN'S RADIO—Not a chicken in every pot but a radio in every home—or at least in every factory—is part of the Nazi Labor Front program. This special model, complete with the party's insignia, was a feature of the Greater German Radio Exposition in Berlin last week. On the opening day 10,000 of the units were sold.

floating debt. The interest rate is 4½%. Half the amount is offered in 10-year treasury notes for public subscription at 98½, and the other half is practically forced on savings banks and other credit institutions.

This loan converts only a small part of the floating debt accumulated in the past 2 years into a long-term obligation; but the extraordinary liquidity of the money market, artificially produced, will enable the government to keep on financing recovery and rearmament by short-term borrowing.

Germany is increasing the quantities of its exports, at lower average prices, which indicates a stronger price competition on the part of German goods, enabled by higher export subsidies.

Industry shows new gains in iron, steel, machines, and automobiles, while consumers' goods are still stagnant.

Canada

Social Credit upsets Alberta credit.

Business gets rail orders. Ottawa expects early action on U. S. treaty.

Ottawa (Special Correspondence)—While William Aberhart, evangelical leader of Social Credit, scheduled for the Alberta premiership with a backing of 47 out of 63 members of the Provincial legislature, insists that his program does not mean confiscation or repudiation, this has failed to stem the run on the Provincial Savings Department. Payments were suspended this week.

The amount of withdrawals was not announced but was unofficially placed at about \$1.3 millions. As of June 30 the government savings deposits amounted to \$10.2 millions, about half

subject to demand. Premier Reid proclaimed the fund sound and solvent but unable to liquidate securities in view of the price slump that followed the radical election victory. He passed the buck to the new government.

Federal political observers wait to see if Stevens, Reconstruction party leader, will join forces with Aberhart and bring Social Credit into the federal election fight.

Canadian railway equipment companies get orders of \$10 millions for equipment of Canadian National and Canadian Pacific in government spending of \$15 millions appropriated by Parliament for this purpose as a relief measure. Railways are required to reimburse the government after 2 years in instalments on principal and interest.

Canadian Car & Foundry Co. draws an order for \$3,613,000; Eastern Car Co., \$1,986,000; National Steel Car Co., \$2,562,000; Montreal Locomotive Works, \$1,166,000; Canadian Locomotive Works, \$492,000. The appropriation also finances manufacture of equipment in the railways' own shops.

U. S. Parley Was Secret

Developments reported from Washington on the Canada-United States trade treaty negotiations were kept secret here. Ottawa didn't know Canadian negotiators were in Washington. The opening of direct negotiations is taken here to mean the treaty matter will now progress rapidly—one way or other. The Bennett government is anxious to get a treaty before the close of the federal election campaign.

First manufacture of chromium in the British Empire started last week at Sault Ste. Marie when the new plant of Chromium Mining & Smelting Co. of Canada was opened.

By 1937 Canada expects to be pro-

ducing rust-resistant wheat on a substantial scale. Stem rust destroyed 60 million bu. of Canadian wheat this year. Dominion experimental farms will have thousands of bushels of new wheat impervious to rust available for distribution as seed in 1937.

The Dominion Bureau of Statistics forecasts greater sales of Canadian wheat during the present crop year. It takes into account the prospect of increased supplies from the Danube and Russia but expects less competition from Argentina and Australia. Sales to the United States are expected to increase.

Far East

Japan and U. S. discuss import agreements for Philippines. Manchurian railway may seek funds in world markets.

MORE "gentlemen's agreements" on Japanese-American trade, patterned after the lead pencil and rag rug agreements made recently, are under discussion.

The immediate subject is the Philippine textile trade, long in controversy as a result of Japan's inroads of the last few years. Textile people hope Japanese cotton cloth imports into this country will be taken up next, as suggested by the Cabinet cotton committee report. This is considered one of the most troublesome phases of the whole matter, because of Japan's importance as a customer for American cotton.

Mitsui & Co., of Japan, this week joined the many domestic concerns that are challenging AAA in the federal courts. It filed suit for a declaratory judgment against the compensating taxes imposed on importers in lieu of the processing taxes. The suit is brought under the treaty of 1911, which allows nationals of either country to carry on trade in the other's territory on the same terms as citizens.

Manchukuoan Railway News

Another 150 miles of standard-gauge railroad was added to the South Manchuria Railway system this week when the Hsinking-Harbin extension of the Manchukuo State Railways, now under the company's control, was converted from the old Russian 5-foot gauge to the regulation 4 ft. 8½ in. Formerly this link on the main line to the port terminal of Darien could not accommodate through trains, and freight and passengers were transferred at Hsinking, 450 miles inland.

The South Manchuria Railway Co. may go into world markets for funds to use in its development program, particularly any exploitation of North China, according to Yosuke Matsuoka, its newly elected president. He denied that the Manchurian projects were threatening to drain Japanese credit resources. His powerful organization contemplated no monopoly of development possibilities in North China, he declared, but will expect foreign enterprises to participate. His personal interests are presumed to center in cotton cultivation south of Mukden.

Money and the Markets

With Congress gone, a faster business pace is expected after Labor Day. Commercial loans increase, and commodities tend upward, partly on war news, but mostly because of rising domestic demand.

ALL other events were overshadowed by the adjournment of Congress. This cleared the path for the expansion which is more than hopefully indicated for the fall months, and when the brief Labor Day spell of inactivity is hurdled, the stretch will be clear.

Markets are all looking for better times before the year is out. Although the stock and bond markets greeted the news of congressional adjournment with a curious flurry of easiness, the basis of the decline was considered largely technical, and aggregate sentiment is prepared for real support from business news in ensuing weeks.

Commercial Loans Jump

An early indication of expansion was presented by last week's jump in commercial loans. "Other loans" of all reporting member banks of the Federal Reserve system increased \$52 millions, the most spirited movement in many weeks. Two Federal Reserve districts, San Francisco and Kansas City, disclosed the highest total of commercial loans in two years. All other districts recorded advances with the exception of the Philadelphia and Atlanta districts, where modest declines were shown.

Although the changes were certainly not huge, the increase was encouraging, in view of the long neglect of this kind of bank loans.

General pressure on commodity levels is upward. Aside from the special circumstances which have affected individual commodities, such as cotton, the sum of influences is apparently working toward a rise in the commodity scale.

The disturbed political background in Europe and the constant presence of war

threats in the news is, of course, an extraordinary demand factor, but even excluding this, domestic commodities appear to be in sufficient demand to give markets a firm appearance.

Foreign exchange markets again reflected the persistent pressure on the Italian currency, and Italian bonds commanded still lower prices. The gold movement abroad is in the direction of England, and the pound sterling is consistently firm.

Government Bonds Lose Their Firmness

UNSETTLEMENT in the bond market late last week and early this week was fully shared by government obligations, including not only those issued by the Treasury but those which the government has guaranteed. Weakness in the government market attracted most of the comment, particularly since the short-term as well as the long-term issues were affected.

Secretary of the Treasury Morgenthau was not at all disturbed. Upon questioning he intimated that the Treasury was satisfied with any market price that the public thought was right. He explained that the Treasury makes a habit of refraining from supporting the market before issuing new securities of its own for the simple reason that it wants to market its bonds on a free and open market.

A contributing factor to the upsetting of investment sentiment was the sale last week of \$100 millions of FFMC 1½s, soon after the last sale of Treasury 2½s had almost fizzled.

The Treasury is undoubtedly hoping that the market will recover its former steadiness at top levels, since announcement of the conversion terms on the Fourth Liberty 4½s that are to be retired will have to be made soon.

Private corporate financing through-out this month has been below the excellent totals registered in July. It is a continued source of disappointment in many quarters that a larger part of the financing has not involved new money, but at present there is small hope that this condition will be changed, since the refunding issues lately have met with only mediocre demand.

Laws and War Talk Affect Securities

BETWEEN Ethiopian war talk and the final spasms of congressional legislation the stock and bond markets have had a difficult time keeping their bearings. Such declines as have occurred have only one distinction, i.e., they stand from peak levels.

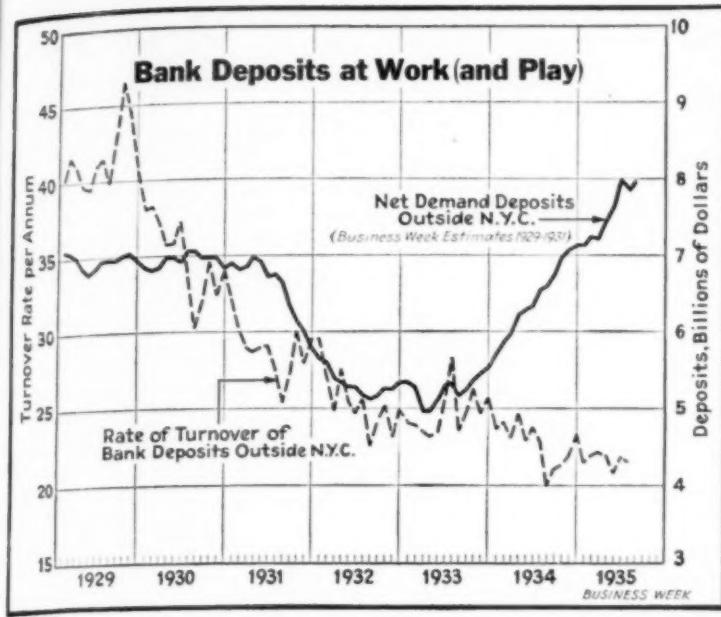
Utility bonds and stocks have been the flagbearers on weak spells. The compromise finally effected on the utility bill bespeaks a fair measure of throat-cutting if its intentions ever reach consummation, and the utility threat is normally sensitive; hence utility issues bore the brunt of pressure. The fact that the power companies intend to take the matter to court as soon as possible did little to bolster the faith of utility holders.

Investment seekers have been hoping and waiting for declines in the bond market and in high-grade stocks. With prices off from the peaks, their interest is aroused. As is usually the case, however, this class of buying waits for evidence of stability after a setback before coming into the market again in volume.

Grain Markets Watch World Conditions

GRAIN market attention has shifted to world centers. It is taken more or less





for granted that the September crop estimates will disclose a spring wheat crop somewhat smaller than the August figures; but even without any downward revision, it is plain that hard milling wheat will be needed by American mills to an extent that will compel a moderate continuation of imports, principally from Canada.

The interest of processors, therefore, is directed at world conditions, which will set the value of Canadian wheat. John I. McFarland, head of the new grain board and former head of the Canadian pool, recently let it be known that Canada was again bullish on the world market, after a brief lapse of faith; and it is indicated that Canada will again be inclined to hold for reasonably high prices, despite the unfortunate experiences she has had with this policy in the recent past. High Canadian prices will have a stimulating effect on our domestic levels as long as imports are needed.

War threats are not by any means overlooked as a potential market factor, but North American markets lately have not been able to make any capital out of unsettled political conditions abroad. The Chicago market's main piece of happiness recently was the failure of the Commodity Exchange regulation bill to get through Congress.

The Department of Agriculture is looking for a 60-million-bu. increase in the world wheat crop, compared with last year; but with world carryover 300 millions less, the total supply will be curtailed by 240 millions. Nevertheless, aggregate supplies, excluding Russia and China, at the start of this season were over 4 billion bushels, which is an ample annual quantity.

About Peter Grimm, RFC, and Mortgages

WHEN dynamic New York realtor Peter Grimm was appointed assistant to Sec-

retary of the Treasury Morgenthau, real estate interests expected something to start popping in the way of federal help in their business.

They recognized his hand this week when the RFC mortgage company, hitherto inactive though several months old, announced plans of using its \$10 millions in buying and selling FHA insured mortgages. But they feared that the Administration's policy of restricting profits would minimize the effectiveness of the scheme.

This contemplates that RFC shall buy insured mortgages at a 1% discount from the financial institution that originally made them, and sell them through brokers to whom it shall pass along the discount as a commission.

On such terms, the RFC mortgage company would make no profit. The broker would have only 1/2% margin, which is considered inadequate. The bank or other original maker would have the 1% original service fee permitted when the mortgage was closed, plus the 1% annual service fee—a meager compensation for 20 years of service that involves a great deal of routine work, because monthly payments from the mortgagor have to be applied to the tax bill, FHA's insurance premium, insurance, mortgage interest, and principal payment. All these expenses are included in the monthly installments of FHA mortgages.

Compare this 1% fee with the 5% or 6% commission the mortgage broker used to charge merely for collecting and remitting the semi-annual interest, with the privilege of collecting another commission within 5 years.

And while the RFC company is exploring this field, a New York stock brokerage concern, Pask & Walbridge, has already launched its own business of redistributing insured mortgages, and reports good progress on a basis of buying and selling at the best price it can negotiate.

Exchange Memberships Change Hands Faster

If the transfer of New York Stock Exchange memberships maintains the pace of the first 8 months of the year, the turnover this year will total 80, which is 12 above last year.

Transfers thus far have been 53, with the rate of sale accelerated in the latter part of the summer by the greater business on the Exchange. Trading volume in the past several weeks has frequently been around the 2-million-share mark, which, with general brokerage house expenses much reduced since 1929, is better than a mere rent-paying level.

New members will find that instead of the former 13 questionnaires and reports which it is the duty of Exchange members to fill out, there are now 14, the Federal Reserve agent having added a monthly blank to the list, in order to provide the Reserve System with statistical credit information.

The long rise in stock values, which has played no small part in the demand for Exchange seats, and has brought about the increased trading volume, has largely been non-speculative. In 5 months ending July 31, stock prices rose almost one-third, while Exchange member borrowings declined more than 6%.

Report on Farm Board Points Cotton Moral

WHETHER or not there was any special purpose in the release of the Senate Agriculture Committee's report on Federal Farm Board activities, the report was issued at a good time. Its text was a splendid lesson in the futility of governmental attempts to stabilize commodity prices, and its conclusions nicely supported Secretary of Agriculture Wallace's insistence that the cotton-loan level be lowered.

The old Farm Board, according to the report, which has been in the making 3 years, lost 69 cents of every dollar in the \$500-million revolving fund that was designed to support cotton and wheat prices and help the farmer. Inexperience, extravagance, avarice, and even dishonesty were charged against the components of the Farm Board plan. This record is that of the corporations themselves. As far

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as the farmer is concerned, the plunges in the price of wheat and cotton before the Farm Board finally faded out are well enough known.

It was just such a mess that the AAA was trying to dodge when it asked that the 12¢ cotton loan should not be renewed on this year's crop. Although the cotton markets broke badly on the news of the new 10¢ loan and the 2¢ subsidy, the cotton trade was greatly cheered by the indicated resumption of free markets as long as cotton is above 10¢; and in the long run the abandonment of efforts to control market prices directly for the farmer's benefit may do the farmer some real good.

The only occurrence that could hurt AAA much now is the possible descent of world values below 10¢, in which case AAA would again fall heir to the crop on loans. But the prospect is fairly good for steady or firm world levels, particularly if war influences continue, and AAA has a fair chance of skimming through this season with no more worry than is given it by the possession of 4.5 million bales it acquired above the market.

After the loan announcement, price structures in the textile trade showed definite improvement.

Salaries Go Nudist

SEC's willingness to protect salaries and other corporate information at the request of corporations filing for new issues and for registration on exchanges, is obviously coming to an end. Early this month SEC ordered Allegheny Steel's contract with its general manager, Frank Detwiler, exposed to the public gaze. Subsequently a blast of salary and other information was released on 11 companies, 5 of whom had right up to the end asked that information be kept confidential.

Now Standard Oil of New Jersey, SEC's first billion-dollar protégé, will have to tell all in connection with issuance of new stock under an employee distribution plan, including details of its vast investment portfolio. The company is enjoying a reprieve for the moment, but its furlough runs out in September.

With Standard of New Jersey bowing to the yoke, predictions are that others, including Allied Chemical, will hereafter put up less resistance.

SEC's policy is strictly one of friendliness to the stockholder. Each case is considered on its merits. If harm to the corporation might ensue from disclosure of information, it would naturally mean harm to stockholders, and SEC would protect them. If no harm is indicated, then the commission wants the information made available to them.

Commodity Bright Spots

BRIGHT spots were scattered through the commodity picture. Hides and leather provided one, with leading leather companies advancing prices as much as 5%, and a brisk tanner business accompanied the general perking up.

The war influence has made its appearance in hide and leather circles, but from all evidence thus far it is still

confined to a possible demand for saddles, etc., that accompany army preparations. Of at least equal importance is the fact that shoe manufacturers recently have shown a willingness to stock up with leather.

Refined sugar, including the processing tax, touched a 6-year high this week, but the advance that took it there was fumbled. Leading refiners failed to follow the movement promptly, and the result was temporary confusion. The remaining supplies of raw sugar under the quotas are less than 100,000 tons, and the raw sugar market is very tight, as has been expected ever since it became apparent that increased consumption of sugar this year would make a nip and tuck affair out of the quota allotments.

Utility Foe on SEC

PRESIDENT ROOSEVELT won a lot in the passage of the utility bill, but not quite all that he wanted. The lack, however, is going to be made up through the SEC, if the character of the President's prompt appointment to the commission is any basis of judgment.

Before the utility bill had become law, the appointment of J. D. Ross, manager of Seattle's municipal power plant for 20 years, was announced. The selection of Ross for the commission was of unquestioned significance. He has been outspokenly in favor of public ownership and operation of power plants for many years, and SEC is now going into the business of dissolving utility holding companies.

The inference is inescapable. But whether Ross will get along with other members of the commission on questions of utility control is something yet to be decided. Joseph P. Kennedy is still chairman, and despite constant resignation rumors, is likely to continue chairman until the SEC is well established in the utility realm. Kennedy is outstanding among New Deal personnel for his fairness. No sudden accession of persecuting tactics is contemplated as long as he holds the commission chair.

Jesse Jones Tells Why

JESSE JONES, head of the RFC, made it plain this week that his job is not a bed of roses. RFC made one of its largest direct-to-industry loans, with Crossett Lumber Co., of Arkansas, the borrower, and was censured by the American Pulp & Paper Association since the loan would enable the lumber company to add one more paper mill to the South's total.

Mr. Jones promptly made it known that under the law the RFC had to make the loans if they were considered good, whether it liked it or not, and would continue making them until Congress ruled otherwise, even though every one of them was in direct competition with private business.

The Crossett loan, involving \$3.8 millions for construction of a pulp and paper mill, was one of the largest that RFC has made in the direct-to-industry classification. The term was 5 years.

Editorially Speaking—

DESPITE White House denials, there are persistent reports that the President threatened to adjourn Congress if it did not settle the cotton squabble and adjourn of its own accord. Senator Robinson, the majority leader, evidently meant this when he said in the final debate, "I am not willing to incur the liability of having Congress sent home by the Executive."

Where does Senator Robinson, and where does the President, get that stuff? News dispatches quote the Constitutional provision that the President "may, on extraordinary occasions, convene both Houses, or either of them, and in case of disagreement between them with respect to the time of adjournment, he may adjourn them to such time as he shall think proper." But that only applies to sessions convened by the President "on extraordinary occasions"; that is, to extra sessions. It does not apply to regular sessions, such as the one just terminated. These begin Jan. 3, under the Twentieth (Norris) Amendment to the Constitution; and the sessions are adjournable on agreement by both houses, and not otherwise.

The President has no more power to adjourn them than the mayor of Milwaukee. George III had the power to adjourn the colonial legislatures; and his exercise of that power was one of the wrongs complained of in the Declaration of Independence.

ONE of our editors recently had occasion to write "Tom Collins." The printer set it as "Tim Collins." This error (which the eagle-eyed proofreader corrected) might serve as the basis for an intelligent differentiation. You could continue to call the long drink a Tom Collins, but if you wanted a short one you could ask for Tiny Tim. . . . But why should you want a short one?

"STUBBY ARRIVING YOUR OFFICE 3:30 TODAY FEEL CERTAIN YOU WILL LIKE HIM PLEASE GIVE HIM FEW MOMENTS OF YOUR TIME." This telegram, signed "J. P. Curran," was recently delivered to the city editors of 125 newspapers in many cities. Fifteen minutes later the messenger boy who had delivered the telegram was back again, this time bringing (1) a letter from the Owens-Illinois Glass Co., beginning, "My name is 'Stubby.' I am the new one-trip, no deposit non-returnable beer bottle which has been developed for the brewing industry"; (2) a package containing Stubby—but Stubby was empty; and (3) a standard-size beer bottle.

Thus the 125 city editors were able to compare Stubby with the ordinary

bottle, and the comparison undoubtedly interested them and produced a lot of publicity for Stubby—all the more since the standard-sized bottle was full and ice-cold.

RETURNING from a round-the-world journey, in the course of which he investigated the silver situation in China for Mr. Roosevelt's benefit, James A. Moffett dropped in at the White House for a brief courtesy call—and incidentally to make final arrangements for his resignation as Federal Housing Administrator. "Because of the press of Mr. Roosevelt's appointments," we learn from a Washington dispatch, "he was invited to return this evening and have a long chat with Mr. Roosevelt while the latter took his customary swim before dinner."

Did Mr. Moffett have to sit at the edge of the pool and shout his information while the President was splashing about, or did they both do the Australian crawl during their long chat about China and silver and booms and bankruptcies?

RECIPE: Take coarse flour ground from cottonseed. Add enthusiasm of T. J. Harrell, president of the Traders Oil Mill in Fort Worth, who thinks there is nothing in the world so wonderful as the cottonseed industry. Add money supplied by Mr. Harrell. Add brains and sweat of C. W. McMath, an organic chemist of the Agricultural and Mechanical College of Texas, who worked for 3 years in a laboratory built in Fort Worth by Mr. Harrell for experimentation with cottonseed. Result, a flour so fine that when one part of it is mixed with 3 parts of wheat flour it bakes a noble cake. (So they say.)

THE Dionne babies' \$45,000 in bonds and cash has come from movie and newspaper photograph contracts and from endorsements of products they use, including milk and tomato juice. No cigarette endorsements yet.

"MILITARY fashions have captured the feminine heart and will be featured this fall."—News item.

Do you suppose the ladies would appreciate a genuine gas-mask?

THE Soviet Union has deported a Polish newspaper correspondent, Jan Otmar Berson, for writing that monkeys and human beings were being crossed on a Soviet experimental farm "to improve the next generation of the Soviet population." The correspondent insists that he wrote nothing but the truth.

Well, Mr. Berson, there's only one way to show us. Let's see the pictures.



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The Journal of Business News and Interpretation

AUGUST 31, 1935

Congress Out of the Way

In the business community, the adjournment of Congress has occasioned an unusually deep, loud, and heartfelt sigh of relief. For nearly 8 months business had to keep an uneasy eye on a Congress that would probably have been bad enough in any case and was urged on to greater mischief by the White House. Business nevertheless improved. Now Congress has gone, and business can turn with more single-mindedness towards a continuation of its improvement.

Of the harmful legislation that was enacted, most will not take effect this year. Much of it may not take effect at all, since it will be fought in the courts as unconstitutional. Till the status of this legislation is settled there will be uncertainty in the businesses affected, but this is more than counterbalanced by the reasonable expectation that several repressive acts of Congress will be adjudged invalid.

Among these is the utilities act, which, if enforced as written, undoubtedly will harm a great industry. But its worst effects are to be postponed for several years, and meanwhile the courts may have something to say.

The tax law, too, is chiefly important for its long-time consequences. It establishes a precedent for tax discrimination against large business units. But the war against bigness has been going on for more than a century, and it has never been permanently successful. The anti-trust laws, beginning in 1887, have resulted from this movement, and they have not stopped bigness. Wilson, in his 1912 campaign, formulated a program in this same tradition, and the main effect was the establishment of the Federal Trade Commission. But bigness has not been stopped, and there is no sign that Roosevelt, renewing the traditional campaign, will be able to roll back the waves of the economic sea.

To impose heavy discriminatory taxes on large corporations would do so much harm as to evoke popular protests and cause a reversal of the policy. Such tax discrimination as Congress has now approved cannot check business in the near future.

The Guffey coal act, which is of doubtful constitutionality, has an immediate benefit: it averts a great coal strike in mid-September. And that

will be its only important result if the courts should later hold it unconstitutional. Many operators believe it will help their industry. At any rate, it does nothing to hinder the expected fall improvement in business.

Most of the regrettable things that Congress did were discounted by business some time ago. In the last weeks of the session, while Congress was passing one objectionable bill after another, stocks generally went up. Now that Congress is out of the way, there is nothing in the domestic situation to cloud the hopes of marked progress in the coming months. The effects of war cannot be foreseen. All other circumstances, especially in the capital goods industries, combine to form a preponderantly bright picture, inspiring business hopes throughout the land.

Keep Us Out Of War

One thing cannot be doubted about the neutrality resolution that Congress insisted on adopting against the President's wishes. It represents the overwhelming demand of the American people. They want to keep out of war.

That will be a tremendously difficult task if there should be war not merely in Africa but in Europe. The complications confronting the United States would in that case be far too much for the present resolution to unravel. But the resolution does show where the American people stand on the essential question. Congress adopted it quickly and by enormous majorities because the members knew how the people felt.

The President now has a mandate: He must keep the country out of war. His own preference was for a free hand so that he might try to avert the war. But he might easily draw us into it instead. Dis-

patches from London tell of discontent among those who wanted American cooperation in forcing Italy to keep the peace. Mr. Roosevelt apparently would like to demonstrate that he is the one man who can stop Mussolini. But it is highly probable that nobody can stop Mussolini, because Mussolini is desperate. Italians and Ethiopians will suffer; wrong will be done; but it is not incumbent on the American people to sacrifice themselves in this bloody business.

America Resents Foreign Interference

The American protest to the Soviet government against the speeches at the meeting of the Communist International in Moscow is fully justified. There has been too much condonation of this offense by Soviet apologists who declare that the International has long been a faint shadow of its old self, and that its recent meeting, the first in 7 years, was largely a windbag pretense, designed to refute the contention of the exiled Trotsky that Stalin had abandoned the world revolution in favor of consolidating the Soviet position at home. It does not matter why the International met. What matters is that it did meet, that despite all denial it is linked with the Soviets, and that its discussion of American affairs was such as cannot be tolerated.

"The American people," as the warning note to the Soviets points out, "resent most strongly interference by foreign countries in their internal affairs, regardless of the nature or probable result of such interference." It is immaterial, therefore, whether the influence of the International here is great or small. Its interference is resented. And the same point might well be made regarding interference by the Nazi government of Germany, whose paid propaganda in the United States has been partially exposed by a congressional committee, and whose Storm Troops drill and parade in New York, Chicago, and other cities. This is an intolerable situation. Any meddling in American affairs, whether by the Soviets, the Nazis, or any other foreign government, is repugnant to the American people.

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